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ABSTRACT

This paper argues that, as institutional revenues continue to decline, community college administrators must not only work at developing a robust foundation with an identifiable process similar to that of a private nonprofit foundation, but also provide professional stewardship in its operation. The author used a qualitative, evaluative approach that combined institutional reports with a survey, with the aim of gaining an understanding of the public-private relationship between the state institution and its associated private foundation. The premise of the study is that the foundations may not have moved fully into the realm of effective resource management, and if they have, their performance is not consistent enough to be reliable. The study examined three demographically similar community colleges in the Virginia Community College System, all with established foundations, and explored what each has done in response to state policy changes regarding funding. The questionnaire covered five categories ranging from administrative leadership to institutional planning, and included an optional section for further comment. Responses revealed that, though presidents see fund raising as a primary role, they do not invest a great deal of time in the activity. Additionally, the way those who are in foundation management see their roles varies from institution to institution. Research instrument appended. (Contains 11 figures, 16 tables, and 131 references.) (NB)

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COMMUNITY COLLEGE EDUCATION FOUNDATIONS AND TRANSFORMATIONAL PHILANTHROPY: RESOURCE MANAGEMENT, STEWARDSHIP AND PROFESSIONALISM

A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Arts at George Mason University

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ABSTRACT

COMMUNITY COLLEGE EDUCATION FOUNDATIONS AND TRANSFORMATIONAL PHILANTHROPY: RESOURCE MANAGEMENT, STEWARDSHIP AND PROFESSIONALISM

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George Mason University, 2003

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Public community colleges in the 21st century continue to face a decline in state subsidy and increasingly look to their foundation to build the financial means with which to respond to institutional needs in the long term. The future of post secondary education is reliant upon colleges having a professional foundation, proper stewardship, and accountability of its foundation. The three cases presented are Dabney Lancaster, Patrick Henry, and Southwest Virginia Community Colleges. All three belong to the Virginia Community College System and have active foundations with proven track records in fund raising. The system has an inactive education foundation at present.

Public administration, economic, and education theory regarding public-private collaborations, professional leadership, and strategic planning should be part of the new thinking in the community college foundation field. The published works of Grace, Grace and Wendroff, Glass and Jackson, Covey, Davis, Evans and Wurster, Milliron and Lerch, and Hedgepeth provided the major theoretical foundations of this study. This study urges combining extant public administrative assumptions and approaches to the need for transformational leadership and the desire for increased sources in two-year colleges. It also adds to community college discourse on the following topics: the value of the education foundation; process development for an educational foundation; proper stewardship of the gift; management of change; and long-term planning.

Among other things, this study proposes a sample multi-source flexible model that foundation administrators can use to start or develop a foundation. Findings indicate that there is still much work to be done in order for community college foundations to be competitive with other public and nonprofit foundations. Some solutions to funding problems can be found within educational administration and, as well, other fields. In addition, the system foundation can serve a broader role as an information vendor rather than compete for funds with its constituent community colleges.

Chapter 1. Introduction

Since the late 1980s, community colleges have continued to experience a steady decline in the amount of available federal, state, and local funding. The traditional response of community colleges at times of declining resources has been to raise tuition, while the public usually reacts by demanding low tuition rates to preserve open access. To increase revenue, many community college administrators have encouraged the formation of independent foundations. Because a foundation is a nonprofit association and separate from the institution's funding source, this entity is positioned to be more responsive to an institution's immediate revenue needs because it can act without state constraint.

Going through normal institutional funding channels means dealing with the state bureaucracy, a time-consuming process for community colleges, with no guarantee of their receiving adequate funds. Consequently, pursuing funds in this way may offer less than necessary financial assurance or assistance for the future and can result in missed economic opportunities for the institution. Most administrators agree that a foundation is the practical vehicle through which to raise funds, that the primary solicitor is the college president, and that the likely leadership for resource development and stewardship is the chief development officer.

Statement of the Problem

As institutional revenues continue to decline, community college administrators must not only work at developing a robust foundation with an identifiable process similar to that of a private nonprofit foundation, but also provide professional stewardship in its operation. The issue is important, if not critical, to academic administrators because two-year institutions stand ready to honor their mission to serve the community. Part of this preparation includes, over and above vying for government appropriations, a venue in which to raise funds if the public institution is to stay competitive with both private education and corporate universities (business-sponsored schooling) in the economic market. Business, industry, and the community continue their demands for additional programs and opportunities; if the community college does not respond to these requests, some other institution will.

The purpose of a foundation is to augment institutional goals. Yet, at a time when the need for funds is critical, not all community colleges have foundations, and many that do have not built them to their fullest potential. A well-run nonprofit foundation is the legal entity through which philanthropic activities can take place. Community colleges can engage in creative methods of fund raising to meet their goals if a foundation's strategic plan and its development officer go beyond traditional fund raising, such as annual capital campaigns, to a more efficient approach capable of garnering funds that can alter the institution, such as pursuing new kinds of partnerships. One such approach is through what private nonprofit organizations refer to as transformational—or what Grace and Wendroff (2001) call "high impact" philanthropy—defined as a type of giving

that involves soliciting donor investors for major gifts that can favorably influence an institution in some way.

Rationale

One *rationale* for this study is to show that a vigorous *education foundation is the primary revenue-raising opportunity for a community college* with which to augment revenue in support of institutional goals for the future. This study explores how foundations do business, make plans, connect the institutional mission to the foundation mission, market their products, and understand and exploit their capabilities to raise funds. A foundation with solid strategies for raising funds, and sound stewardship for managing funds along with state funding, are the fiscal backbones of community colleges.

Another *rationale* concerns the recent public concern over the ethical practices of private nonprofit leaders and related foundation activities. The publicity surrounding the September 11, 2001 Red Cross disaster fund distribution fiasco draws attention to a foundation's need for sound ethical administrative practices as well as for openness in public-nonprofit activities (Epstein, 2001, p. 1). Efficiency in management, wise investments, and sound ethical standards are essential to any foundation's growth.

Theoretical Framework

The *theoretical framework* for this study comes from the areas of nonprofit public administration, education, and business. The researcher explored various theories, trends, surveys, strategies, and models from all three areas, but specifically from public administration's nonprofit area, to develop a series of options that the development or

institutional advancement officer can consider when facilitating the health and efficacy of their college foundations. Nonprofit theoreticians and strategists include the four-year academic institution in their discourse, but they write very little about the two-year public foundation. Four-year colleges and universities have active foundations that pursue funds available to education in the national philanthropic arena, and that belong and report to national organizations on their activity. Community colleges traditionally do not belong to national nonprofit organizations, and do not report their activity. Community college foundation participation in surveys like those conducted by the American Association of Community Colleges is moderate. Without statistics that illuminate community college foundation activity on a regular basis, researchers cannot comment on these education foundations with any reliability. The community college education foundation needs to be part of the discussion in the nonprofit area, and foundation administration needs to be proactive about its inclusion.

Many administrators continue to raise funds in traditional ways because they see the two-year institution as different from that of the four-year college when it comes to development activities. Where differences among public education institutions exist, leadership can work on adapting strategies and techniques to its own institution's unique circumstances. Many post-secondary administrators over-rely on traditional fund raising techniques, such as annual fund raising activities, to pay for new programs or capital campaigns to finance specific projects. Often they do not consider other ways of raising funds that deviate from tradition. Consequently, some administrators find themselves and their foundations ill-prepared to sustain the longer-term well-being of the institution.

They run the risk of being ill-equipped to respond quickly to economic opportunities, especially those essential for capital projects or for the implementation of new programs demanded by business and industry.

The study was structured around public, nonprofit administrative theory that recommends a professional status for administrators, the development of new patterns of internal and external organizational relationships, and the implementation of proven development strategies to achieve institution-altering goals. Organizational theory experts discuss the value of public–private collaboration and, as a result, more public institutions take a second look at the advantage of these relationships.

There is not a great deal written about community college foundations; even less is written about such strategies as using faculty in attracting philanthropy and about implementing business models in academic planning. Some administrators may not take advantage of some of the successful approaches of universities and colleges across the nation because they mistakenly believe that community colleges are different from other public institutions when it comes to student demographics. They think that the four-year or university model does not fit the community college profile. Public academic administrators also tend to overlook successful models in the private nonprofit arena because they believe that private foundations are not the same as public education foundations. In reality, community colleges are in the business of education and can benefit from practices and models already in operation in various fields.

Research disclosed two related dissertations on partnerships and two on resource management. This dissertation went beyond these areas and investigated the possibility

of applying existing private nonprofit strategies to the success of community college foundations. Topics include leadership tactics, organizational structure, creative partnering, resource management, investment strategies, and managing ethical dilemmas. The aforementioned dissertations spotlight the success of foundations in monetary terms; instead, this study looked at the process of foundation activity within a particular system, the Virginia Community College System (VCCS), and specifically with three of its community colleges. The sanctioning and application of extant private and public administration's nonprofit theories and practices to the two-year institution could furnish motivation for innovative administrators willing to modify and apply these strategies to their foundation.

Research Questions

This dissertation speaks to the following *research questions* related to the present fiscal practices of the community college, the fiscal capabilities of the affiliated nonprofit foundation, the need for clarity in stewardship perception and practice, as well as the need for professional management of the foundation through ethical practice.

- How has the community college responded traditionally to the need for more funds, and what can its administrators do to transform their fund raising strategies for the future?
- How can the education foundation transition from a traditional type of fund raising focusing on immediate requirements, to a transformational type of fund raising for longer-term needs?

- Regarding leadership, how do role titles, written responsibilities, and institutional expectations of foundation leaders compare with leadership perception and actual practice within the foundation?
- How does the institution prepare its administrators to act professionally and responsibly in response to problems or conflicts arising as a result of activity associated with fund raising or fund management?

Limitations and Delimitations

This study was *limited* to the discussion of philanthropy in two-year public academic institutions as it relates to national trends. Foundation resource development, of which fund raising is a part, was the centerpiece. The study concentrated on institutional leadership, the professional development officer, the culture of the institution, ethics, and present development practices associated with recommended nonprofit strategies. Further limitation narrowed the topic to a discussion of three VCCS colleges: Dabney Lancaster Community College, Patrick Henry Community College, and Southwest Virginia Community College.

Dissertation parameters are *delimited* by the fact that community college foundations traditionally do not, nor are they required to, report foundation results to national philanthropic organizations. The Internal Revenue Service considers education foundations as nonprofit organizations (IRS Code 501(c)(3)). National statistics and studies done by organizations including the Council for Advancement and Support of Education (CASE) or the American Association of Community Colleges (AACC) on community college foundations are only as reliable as the number of responding

institutional foundations to any request for information. In addition to the dearth of national reportage on foundations, VCCS's community college foundation efforts have not been consistent enough to provide a clear picture of the health of foundations in the VCCS. Additionally, there are no national guidelines available for measuring success other than comparing total amounts of funds raised. The need for the college foundation to maintain donor privacy can preclude the reporting of certain donations by a foundation to the VCCS; this, in turn, can influence the amount of earned funds reported by the VCCS. The lack of a steady or increasing foundation performance can also limit the availability of information as it relates to development persistence.

Finally, this study is *delimited* somewhat by the lack of on-site visits to the respective community colleges. The decision was made not to visit the sites in order to encourage institution and foundation participation and to minimize any intimidation or intrusion that a visit by the researcher could cause. Instead of the visit, numerous electronic messages and phone calls were made, not only to ask for information and to clear up any questions the researcher may have had, but also to establish that personal contact that helps create a relationship during the period of data collection. None of these delimitations had a negative affect on the overall end product.

Definition of Terms

Definitions, as they apply to the subject, add clarity to a dissertation. This study, in part, relies on the National Society of Fund Raising Executives' *Fund-Raising Dictionary* (1996) for definitions from the nonprofit field.

- "**accountability**...the responsibility of a donee [recipient of funds] organization to keep a donor informed about the use of the donor's gift (p. 1)."
- "**capital campaign**...an intensive fund-raising effort to meet a specific financial goal within a specified period of time for one or more major projects that are out of the ordinary, such as the construction of a facility, the purchase of equipment, or the acquisition of endowment (p. 26)."
- "**development**...the total process by which an organization increases public understanding of its mission and acquires financial support for its programs (p. 51)."
- "**donor**...a person, organization, corporation, or foundation that makes a gift (p. 55)."
- "**ethics** (professional ethics)...standards of conduct to which members of a profession are expected to adhere (p. 138)."
- **"fund raising...** [part of the development process] refers to raising assets and resources from various sources for the support of an organization or a specific project (p. 72)."
- "**institutional advancement** ... 1 a process of building awareness and support from all constituent bodies. 2 the programs within an institution that relate to its constituency, including development, public relations, and government relations. Also **advancement** (p. 90)."
- "**philanthropy**...1 love of humankind, usually expressed by an effort to enhance the well-being of humanity through personal acts of practical kindness or by financial support of a cause or causes, such as charity..., mutual aid or assistance..., quality of life..., and religion. 2 any effort to improve quality of life, encourage aid or assistance, or foster the preservation of values through gifts, service, or other voluntary activity, any and all of

which are external to government involvement or marketplace exchange (p. 131)."

- "**public charity**...as designated by federal law, a foundation that, during its most recent four fiscal periods, has received one-third of its support from donations from individuals, trusts, corporations, government agencies, or other not-for-profit organizations, provided no single donor gives two percent or more of the total support for the period. Normally the charity must receive no more than one-third of its support from investment income. A public charity escapes the stringent rules that apply to a private foundation. Also **public foundation** (p. 142)."

Grace and Wendroff (2001) offer the other relevant explanation of terms:

- A *donor-investor* refers to someone who contributes a major institutional altering, or transformational type gift and wants to take part in related fund management (p. 1-2).
- *High impact philanthropy* refers to the partnering of a nonprofit, donor-investor, and the community, both locally and globally. The catalyst for this type of philanthropy becomes transformational giving (p. 11).
- A *transformational gift* is a big or major gift that can effect change and influence the programs, perceptions, and future of an organization. (p. 15).

Finally, the Association of Fundraising Professionals (AFP) (2002) provides a working definition of *venture philanthropy*. *Venture philanthropy* is a type of giving that infuses managerial advice and financial resources into a new or existing philanthropic

effort, but does not interject the hands-on daily direction that is the hallmark of an entrepreneur (AFP, 2002, p. 6). These three sources make available definitions that are part of the language of the philanthropic nonprofit arena, and not necessarily common to academia. Consistency in language reference facilitates understanding if a public institution wishes to cross over and operate within the private sector.

Summary

Overall, the nonprofit foundation provides a financial opportunity for post-secondary schools to augment revenue. Integrating the foundation as a topic for discourse within the community college conversation could include an investigation of the fiscal status of community colleges, the role of post-secondary foundation stewardship, the process of fundraising, and the ethics of asset management. A preliminary search of sources exposed the need for a working model for the community college environment, with proper service given to accountability and managing principled issues in a changing world. The future of two-year institutional education depends on how these colleges respond to the problem of decreasing state funding and increasing institutional needs. Of the four case studies in this research, one is a study of an inactive educational system foundation that serves as background to the other three case studies. The three institutional cases already have active education foundations and proven track records in fund raising. Questionnaire results comment on the actual and perceived understanding of issues of leadership qualities and skills, leadership roles, institutional image, and professionalism within the affiliated foundations and complement case study findings. As a result, findings as compared to national trends and various

surveys provide insight into a workable process for development. This dissertation offers conclusions based on study results, recommendations for further study, and implications for research.

Chapter 2. Review of Literature

Review of literature to date proved fruitful for theory and strategy in the nonprofit area, but less productive for scholarship specifically on community college foundations. Administrators in post-secondary education seeking information on the community college movement in America have turned to and found beneficial the comprehensive work of Cohen and Brawer (1996), *The American Community College*; however these authors wrote an historical account of the community college institution with little mention of the foundation. Those in public administration have written about public, private, and public-nonprofit philanthropy as though all models, strategies, and theories are useful across all types of foundations—yet write very little on the community college foundation. Because of the intense competition for funds, public-nonprofit administrators, especially those in the community college field, could find useful the research literature in the nonprofit field to see how it can apply to their particular type of educational institution. Additionally included in this chapter are various reviews that cover extant data on the nonprofit, business, and education areas for reference by foundation directors seeking resource material or ideas for future use.

Historical overview of educational philanthropy in the United States

Bremner's (1988) *American Philanthropy*, written as part of the Chicago History of American Civilization series, addressed the role of philanthropy in its historical context beginning with colonial times, and includes the field of education in his

chronology. Bremner added a necessary dimension to Cohen and Brawer's (1996) history of the American community college, and would be useful for any foundation employee seeking an understanding of the role of philanthropy in education. Bremner dated educational philanthropy to the activities of the University of Chicago's foundation in the mid-1800s when gift-giving to education was becoming common practice, but control over the use of the gift by the donor was being called into question by the university administrators. The story traced the involvement of donor-investors to the activities of the Rockefeller Foundation of the 1880s. Washington Gladden, a church minister, claimed that Rockefeller was a pirate of industry. Speaking at the National Conference of Charities and Corrections in 1893 and directing his speech directly at Rockefeller, Gladden said that "the central consideration of charity should be the effect of the gift upon the character of the recipient" (Bremner, p. 107). Gladden's speech was significant because it began the conversation on the proper stewardship of gifts.

In the 1980's, in addition, part of the historical discussion included the shifting roles of philanthropy from those of charity and social welfare to that of advocacy. In broader terms, Bremner (1988) presented a chronology of volunteerism in the United States that included religion, charity, education, humanitarian reform, social service, war relief and foreign aid (p. 4). Although the University of Kansas led the way for university foundation change, it was not until the 1980s that Miami-Dade College Foundation broke ground for aggressive foundation activities in a community college. Over time, these historical experiences are important to know because they showed the

potential connection of educational philanthropy, donor-investors, and community college resource development through foundations.

Orcutt (1999) illuminated the university educational foundation experience, and can be read against Cohen and Brawer's (1996) documentation of the two-year educational experience in a more recent context than Bremner's (1988). Orcutt also pointed to the success of the University of Kansas Foundation, founded to protect private funds from private interference, and reinforced Bremner's comments (p. 2). Orcutt, Bremner, and Cohen and Brawer provided the backdrop for a discussion of foundations and philanthropy in community colleges. Their comments, but specifically those of Bremner, showed change over time in the role of philanthropy in education. The parallel history of educational philanthropy and community college education serves as the historical basis for a discussion of public-nonprofit foundations.

Current Trends

An examination of the literature uncovered policy issues for higher education presented by the Association of Fundraising Professionals (2002), scholarly writings on foundation and resource development trends, as well as surveys on foundations, leadership and fund raising related to philanthropy. Best practices rounded out the discovery of trends, and those included in this study support recommendations in the concluding chapter.

Policy Issues for Education

The Association of Governing Boards of Universities and Colleges (AGB) (2001) provided a listing of the top ten policy issues faced by higher education, among which

were tax cuts and the federal budget, economic slowdown, and public perception of higher education. Similarly, these policy issues were documented by the Association of Fundraising Professionals (AFP) (2002); however, the AFP also included conflict of interest, incentive compensation, donor information and enforcement—all of which are embedded in the problem addressed in this dissertation regarding the use of foundations to maximize resource development for educational institutions. In "Emerging Trends and Critical Issues Affecting Private Fund-Raising Among Community Colleges," Jackson and Glass (2001) indicated four institutional issues that require attention: presidents as the chief institutional fund-raisers, institutional commitment to fund raising, entrepreneurial activities, and leadership of the chief development officer (p. 773-774). All issues presented by experts in the field of education and nonprofits are problematic in light of declining revenues and the need for professional stewardship, and served as the underpinning in developing the research questions (AGB, 2001; AFP, 2002; Glass & Jackson, "Integrating." 1998).

Because they are part of the higher education system, community colleges are faced with comparable issues. From the community college system's point of view the issues have been decreased state funding that helped create the problem of the need for funds, a foundation's constricted ability to act independently in pursuit of alternative funding options to ameliorate the problem, the process of fund raising in education to address the problem, and the role of leadership as part of the solution to the problem. Initial research constituted a review of individual state funding rulings and related policy

decisions that provided the motivation for the public community colleges to make alternative revenue arrangements.

Research for state education practice included an examination of state education and community college system documents. On the state level for higher education, the following documents were reviewed: the State College on Higher Education, Virginia (SCHEV) web site; the State Board Commission, Commonwealth of Virginia's Articles of Incorporation; and the State Board for Community Colleges' minutes for October 4, 1968. Because the Virginia Community College System (VCCS) foundation is included as a case study, various VCCS documents researched included: foundation and system articles of incorporation, by-laws, strategic plan, annual fiscal report for 1999-2000, annual foundation report (2002), web site, policy manual (2002), research report series, and recent press releases. The overall review was helpful in understanding how documented state policy led to actual system practice, and in turn, how system foundation practice stimulated community college foundation activity.

Foundation public records, along with personal communications with former Virginia Community College System (VCCS) leaders and with present foundation employees, set the stage for the study's case selection (G. DuBois, Edwards, D. Hardison, S. Hutcheson, D. Mair, personal communications, 2002). Dr. Glen DuBois, present VCCS chancellor, was instrumental in determining which college foundations should participate in this study. He recommended researching three active foundations in southwest Virginia and said studying these college foundations could be useful in

uncovering successful fundraising processes as practice (G. DuBois, personal communication, January 21, 2002).

A study of the Virginia Community College System (VCCS) foundation supplie the historical background for individual case studies in Chapter 5. Recent history on th status of the foundation was provided by former VCCS chancellor, Dr. Arnold Oliver (Oliver, personal communication, May 30, 2002), and served as the driving force to examine the Virginia Community College System foundation as a case study unto itself An investigation of the Dabney S. Lancaster, Patrick Henry, and Southwest Community College foundations became the individual cases in point, and the responses of designated participants to the research questionnaire were the occasion for comment. A three colleges have operated effectively in conjunction with their foundations and through the guidance of their leaders (G. DuBois, personal communication, January 21, 2002).

Catanzaro and Miller (1994) explained that the revenue predisposition in post-secondary education has been reliance on state funding rather than on fund raising as a primary source for funds. Although public-nonprofit foundations engage in various philanthropic activities to raise funds, community college foundations reported that less than 2% of their annual revenue came from philanthropy, and based their findings on a Council on Aid to Education's *Survey of Voluntary Support to Education* (SVSE) study conducted in the early 1990s (Catanzaro & Miller, 1994, p. 3). This comment intimates that community college foundations may not be pursuing their share of the education philanthropic fund pool. Catanzaro and Miller further argued that community colleges

should develop a range of options for raising funds, and noted that traditional philanthropy may not be as effective a plan as developing strategic alliances or collaborations in fund raising. The article concluded that key leaders who focused on long-term creative partnerships and pursued transformational or institutional altering revenue strategies that go beyond standard fund raising practice could be more effective than those who only engage in short-term traditional practices; furthermore, the institutional leader and the development officer should concentrate on major donors (Catanzaro & Miller, 1994, pp. 3-4). The Catanzaro and Miller article was part of the early 1990s conversation about the potential merit of transformational giving for community college foundations; this thinking began at about the same time that many in the nonprofit area were contemplating the importance of looking at business strategies as models for financial success.

Where Catanzaro and Miller referenced state funding, Harrison considered the implications of federal funding (2001). Harrison warned of an inclination in federal legislation that could discourage donations to a foundation "by increasing its real costs" (p. 1). If this happens, development officers would have to be responsive to change that affects their ability to give to charities, and follow through on some personal goals (p. 1). This cautionary remark applied primarily to institutional and foundational leadership, and reinforced the need for leaders to stay informed on cutting-edge investment strategies.

Another tendency for both business and nonprofits has been to consider the rate of return on investments as it related to a more aggressive way to manage funds. The National Association of College and University Business Officers (NACUBO) (2001)

reported that college and university endowments with investments over one billion dollars or more have an average rate of return of 29.2% (p. 1). Endowments could be in the form of stocks, bonds, cash and real estate. This high rate of return, as stressed by NACUBO, has been the result of aggressive investment strategies that included the incorporation of venture capital. While those college foundations with investment pools of five hundred million to a billion dollars had an average of 18.8% return, those with traditional investments reported average earnings of only around 9.7% (NACUBO, 2001, p. 1). This trend to invest aggressively indicated the reward of participating in nontraditional or more transformational financial strategies. Although the NACUBO study concentrated on four-year college and university foundations, two-year public institutions can consider their recommenced strategies for investment. Of consequence—and missing from this study—is any commentary on the slowing in the rate of return on long-term earnings in the stock market this past year; however, as long as the rate reported exceeds traditional earnings returns, the tendency to consider the rate of return is still valid.

Surveys: Foundations, Leadership and Fund Raising

Many surveys and reports reflect current trends. Among those consulted as part of this research include those conducted by the Association of Governing Boards of Universities and Colleges (AGB), the American Association of Community Colleges (AACC), the National Association of Colleges and University Business Officers (NACUBO), the League for Innovation, Duronio and Loessen, and the Council for

Advancement and Support of Education (CASE). Taken together these surveys provide some current information on foundations that are useful to this research.

In 1995, the Association of Governing Boards of Universities and Colleges (AGB) conducted a survey of community college foundations that is reported in Phelan and Associates' (1997), *College and University Foundations: Serving America's Public Higher Education*. Eight hundred and twenty-seven two- and four-year colleges received surveys and responded, of which 252 were community colleges (Phelan & Associates, 1997, p. 269). The data collected were meant to show a comparison between two- and four-year institutional foundations. The survey results were divided by type of institution (two- and four-year), and included a break out of community colleges. The community college foundation statistics segment alone was useful in interpreting results. Survey questions, rich in valuable findings applicable to this study, centered on general information, foundation director and staff, the board, policies and practices, relationships and processes, fund raising control, and participation. Where comments from authors like Catanzaro and Miller (1994) started the dialog that continues today, surveys like this one conducted by the AGB (Phelan & Associates, 1997) set the stage for gathering actual data on foundation practice and for encouraging more involved surveys to follow. Both expert comment and survey responses are pressing community college administrators to rethink how they can make better use of the revenue raising opportunities of their foundations.

In a 1997 report on foundations sponsored by the American Association of Community Colleges (AACC), Philippe and Eblinger (1998) examined how many two-

year colleges had foundations, and the factors that led to their success. Their report was filled with charts showing national results from sources cited as major contributors, as well as with information on the distribution of foundation funds, and statistics about the various leaders and offices directly related to the foundation. The researcher used this data to compare more recent results to gauge if there was a comparable response with foundation case studies. The AACC (Philippe & Eblinger, 1998) study, in contrast to the study done by the Association of Governing Boards (AGB) (Phelan & Associates, 1997), was specifically designed for community colleges and did not include four-year or university foundations. Questions asked took into account the unique student demographics of a two-year institution. As a whole, the two aforementioned studies provided a glimpse into the performance of some community college foundations, and enlightened trends in giving.

Some sets of statistics on community college foundations clarified activity trends to date. A study by Douglas and Harmening (1999) examined 252 responding two-year college results. Coincidentally, the number of community college foundations responding to this study was the same as the number of those that responded to the Association of Governing Board (AGB) study (Phelan & Associates, 1997). This report, however, concerned itself with information compiled from financial statements for 1997-1998, and sought to document success in fund raising. Although not individually named, 16 of Virginia's 23 community colleges were part of this report and were included in the national total reported. Overall, the survey uncovered national trends for revenue sources, was useful in extrapolating post-secondary trends for this study, and its

usefulness rested with its target audience: the community college foundation. The AGB survey on foundation board practices and the Douglas and Harmening study on the fiscal health of community college foundations partially aided in painting a picture of the community college foundation nationwide.

The League for Innovation ("What do CEOs Want to Know," 2001) reported results of an on-line survey on foundations and their leaders conducted in 2001. Their findings are important because they profiled a foundation as well as offered general statistics on funds raised, types of funds raised, investment policy, development software, fund raising methods, and time in the job spent on fund raising activities. Among other things, this study attested that 96% of the respondents have a foundation with a separate foundation board, and that more than half of those serving on the college's board also serve on the foundation board (Survey response p. 1, #3). This research explored college–foundation board relationships and proposed changes based on function and potential conflict of interest. The League's report, however, was most useful in its insight into common foundation practice as it related to who and what is involved in fund raising. The League's comment on board relationships was incorporated into a recommendation in the conclusion of this study.

Commenting on a study done in 1991 by Duronio and Loessen, Duronio and Tempel (1997) gave fresh insight into results of a study conducted on fund raisers who were members of professional organizations, and commented on the issues of leadership and foundation practice. Johnsen (1995) used the 1991 Duronio and Lossen survey as the basis for comment on three Virginia Community College System foundations; however,

this researcher's study relied on the more recent interpretation of Duronio and Tempel (1997). Duronio and Tempel stated that leadership must provide professional development opportunities for fund raisers, be the role models, and develop a *Donor Bill of Rights*. Four fund-raiser profiles that can aid in knowing the type of foundation leader were identified: professionals, committed to the organization and field of fund raising; boosters, more committed to organizations than to the field of fund raising; careerists, committed to the field of fund raising rather than to the organization; and place bounds, with no commitment to either (Duronio & Tempel, 1997, p. 5). Implications for further research by Duronio and Temple pointed out that a fund raiser should have a high level of education and personal commitment to philanthropy, organization and the field of fundraising. Also associated was the need for professionalism and continued professionalizing of fundraising. Finally, a tension inherent in fundraising as a business and fundraising as a mission was noted (p. 207). Recommendations for further study included the need to examine accountability in fund raising and to assess the processes used to evaluate and reward fund raisers. Their comments supported some of the recommendations in the conclusions of this study.

The annual report of *Giving USA* (Kaplan, 2000) was important to the discussion of philanthropy and education foundations because the report, which included statistics on giving and receiving in education, delineated all types of philanthropic efforts across the nation and was thus useful for comparison across categories. The study included giving and receiving statistics from as far back as 1969, and specifically charted data on national giving and receiving habits for the last two years to illustrate trends. In addition,

it helped explain what the nation values and where education fits into the mix. The *Giving USA* findings are found at the end of Chapter 4, and conclude the background information on community college foundations (Kaplan, 2000). The intent in using this information was to supplement information that, in general, chronicled philanthropy and foundations, provided essential continuity to the discussion as it moved from the story on the fiscal health of community colleges to the section on surveys on foundations and leadership, and highlighted national philanthropy practices.

Hedgepeth (1999), in looking at what it takes to create a successful affiliated foundation for a community college, interpreted results of an earlier Council for the Advancement and Support of Education (CASE) report on educational foundation fund raising activities. His observations pointed to eight functions of a foundation: raising money, managing resources, enlisting advocates, promoting institutional flexibility, strengthening image, buying time, protecting a donor's rights and stewarding gifts. In addition to developing these eight functions, he enumerated four types of foundation models to consider when studying a foundation: Type 1, passive; Type 2, slightly active; Type 3, more active; and Type 4, independent (p. 8). Of use to this study, Hedgepeth affirmed that academic institutions usually fall between Types 2 and 3 and assumed, at least to some degree, that all eight functions were carried out somewhere in the institution; however, he did not state which parts of the institutions carry out the functions. Case study research pursued foundation activity in terms of activity level, and took into account the eight functions and category types (Hedgepeth, 1999). Although Hedgepeth did not propose any one model for consideration, his greatest contribution to

this study was his recommendation that a multi-source model could be the solution for community college foundations. Hedgepeth's comment, therefore, provided the multi-source model idea for this study, and experts in the education and public administration nonprofit area contributed the individual models that could work within a multi-source model.

Taken together, all of the surveys that addressed foundations, leadership, and fundraising were the starting point to understanding the status of educational nonprofits, the place of leadership, and the state of educational philanthropy.

Best Practices

A search for best practices in education foundations has been another recent trend in philanthropy (Shmavonian, 2001). Some public education not-for-profit examples touted as successes included Five Colleges, Inc., Valencia Community College, Trident Technical College and Springfield Technical Community College. Each example has something to offer an education foundation that could help a foundation administrator understand the processes involved during change and work toward success.

Five Colleges, Inc. in Massachusetts was set up as a consortium that includes Amherst, Hampshire, Mount Holyoke, Smith, and University of Massachusetts at Amherst (Peterson, 1999). This not-for-profit entity serves as a resource and communication link with one development officer and its own full-time staff. Its development activity has been limited to grant raising activity; and, more importantly, it cannot solicit individual donors (Peterson, 1999, p. 59). Peterson stated that Five Colleges, Inc. attributes its success to a cooperative approach to fundraising grounded in

communication and trust and reliance on fastidious stewardship. The critical piece of their success is that a development officer heads the consortium (Peterson, 1999). Where a community college foundation may not see this model as useful, a system foundation could consider such an arrangement. An education system foundation can function as an active not-for-profit foundation while retaining its own fund raising niche that does not infringe on that of its affiliated community colleges' foundations. This model was incorporated as a part of the recommendations in this study.

The process implemented by Valencia Community College in Florida demonstrated innovation in action on the institutional side; however, findings could be applied to the education foundation. Gianini (1998) documented that in 1995 Valencia deliberately began a transformation effort to institutionalize innovation. So far the lessons learned have been that core values and core purpose are fixed, and that business strategies and practices are flexible and subject to change (p. 5). The college has continued to work on identifying what does and does not need change. Gianini remarked, "Transformation involves both change and transition, which are two different things. Both are uncomfortable" (p. 5). If an institution wants to have an understanding of the problems associated with change, it could examine the progress made at Valencia Community College regarding transformation. The Valencia practice has been included in this review as a possible resource for a community college foundation that needs to implement organizational and cultural change before it can operate differently.

Trident Technical College (TTC) in Charleston, South Carolina was another example of change in action on the institution side that could translate to the foundation

side of community colleges. Trident Community College concentrated on promoting innovation in their boards and began the process by limiting board chairmanship to two terms (Martin, 1997, p. 55). Trident concentrated on its board first because the college believed that the more favorably the community looked at the community college, the more valued the trusteeship position. Trident Technical College sought public perception of a college that is flexible, adaptive and approachable (Martin, p. 58). This college's success centered on the development of a continuously revolving college mission that considered community needs. Martin stated that Trident's success also related to the college's understanding that a board member must go through an orientation and, as well, experience ongoing participation in local, regional and national meetings. These ideas about the college's board could easily apply to an education foundation's board membership. Implementing minimal terms could result in fresh ideas, and encourage an expanding community involvement on the board. Also, the idea of a mission statement that constantly changes could be worth exploring for the foundation. An education foundation could consider developing a mission statement that undergoes a metamorphosis during times of change: a "morphing" mission statement that retained a core purpose could be useful as a foundation shifts and reinvents itself, while being mindful of its relationship and commitment to the host institution.

Finally, the collaboration between Springfield Enterprise Center and Springfield Technical Community College in Massachusetts developed a shared vision between colleges and venture philanthropists and could apply to education foundations. Carberry (2002) reported on an adjustment made to corporate fundraising that encouraged a

connection between small business incubators and venture philanthropy, a process she referred to as a two-pronged approach to philanthropy (p. 26). The college invited successful entrepreneurs to collaborate by sharing their expertise and developing a long-term goal of keeping the region's lesser business base small and vibrant. Campuses promoted economic progress strategies with an eye toward developing smaller businesses, protecting their business owners, and networking with selected entrepreneurs, all of which resulted in success (p. 27). This example could aid a community college and foundation that is exploring opportunities for expanding their education base into the community.

All of these practices could be examples for education foundations and could serve as best practices to emulate, even if only in part. Five Colleges, Inc. is a solid model for an educational system because it can give the system foundation a role as provider of resources and information with its own mission, while allowing its college foundations to operate within their own service regions without the worry of system infringement on local philanthropic activity. Following the Valencia Community College practice, which focuses on voluntary organizational change in an education institution, could lead to development of strategies that address personnel, relationships, and traditions of doing business during the transition in a foundation. In the near future, the Valencia experiment could result in guidelines for education foundations that could help leaders navigate change. The Trident Community College practice highlighted success when colleges make changes in board composition or board responsibility, and could apply to foundations as well. Finally, the partnership in Springfield, Massachusetts could

be an example for college foundations concentrating on economic development in their service regions. All in all, each of these cases could be reviewed and monitored by leaders to see if useful information could apply to foundations experiencing change. Ideas presented in the Five Colleges, Inc. case, in particular, supported recommendations in this study for community college system practice.

Theoretical Framework: Viable Models

Nonprofit Field: Public and Private

Strong leadership and stewardship are essential if a foundation is to be successful (Hesselbein and Goldsmith, 1996; Howe, 1991; Davis, 2001). Glass and Jackson ("A New Role," 1998) asserted that the presidential profile must include a background in marketing, public relations, planning, or a combination thereof prior to a leader taking the position. Theirs was a critical look at traditional (or transactional), transformational, and entrepreneurial (or venture capital) styles of leadership as related to fund raising (p. 579). This dissertation took traditional fund raising and placed it in perspective within resource development that facilitates institutional change.

Hesselbein and Goldsmith (1996) put together an anthology on transformational leadership that concentrated on the changing roles of leadership. The overall message was that the leader of the future would require unique skills to lead a different kind of organization. Within the anthology, Senge (1996) remarked that top-management acquiescence is essential for change to occur (p. 41). Senge concluded that the challenge is to put together an interesting mix of different people, in different positions, and who lead in different ways (p. 45). This anthology reinforced the idea that roles for leadership

are changing, and proposed many insights on leadership that could be useful for public and private nonprofit organizations, and is applicable to this study. Specifically, Senge's comments, in combination with those of others (Slyter, 1998; Eckert & Pollack, 2001) were considered in one of this study's recommendations on an expanded role for faculty.

Effective leadership and stewardship also could extend to the foundation's board. Howe (1991) related the composition of nonprofit board members, offered key fund raising information, and addressed frequently asked questions about board involvement in the solicitation process. The worth of Howe's recommendations, just as that of Senge's (1996), was his inclusion of the board as leaders in this process. Howe insisted that the board of trustees is the critical component of a nonprofit foundation if it is to achieve success at fund raising. If Howe is correct, then leaders could review the issue of dual participation of various leaders on college and foundation boards. Where others looked at the development officers or the president as individual transformational leaders, Howe (1991) took leadership into the boardroom and gave its members insight into their obligation as foundation leaders. The whole concept of leading and leadership as it relates to board participation could inform the public-nonprofit institution, specifically that of the community college foundation. Private-nonprofit and for-profit organizational leadership success could have much to offer as examples to the public administrator.

Another piece of the leadership puzzle included stewarding skills. Carabelli (2000) enumerated the top skills a chief advancement officer should possess; among the qualities were integrity, communication skills, relationship-building skills, attention to detail and follow-through capabilities, and strong strategic thinking (p. 1). Strategic

thinking is also the topic of an article by Alfred (2000-2001), who defined strategic thinking as having "an organized process for looking at information systematically and analytically to develop strategy for the institution" (p. 26). Strategic thinking could be the one untapped resource for leaders (Alfred). The skills list for leaders in this article spoke to the need to find common leadership traits that cut across the business and public/private nonprofit boundaries and that could apply to both. The definition of strategic thinking as a process played into the overall need for a foundation process for fund raising as part of the recommendations in this study.

Within the education field, the concept of leadership in philanthropy could be expanded to include faculty. Eckert and Pollack (2001) stated there should be an expanded role for certain segments of academic leadership. In their exploration of the advantage of utilizing faculty talent, they also found that faculty had a crucial role to play in developing private institutional support (p. 1). Their observations were similar to Senge's (1996) comments that mixing different types of people—each with a stake in fundraising—not previously brought together before, could result in teams with the capacity to see things more broadly. Eckert and Pollack, in addition, identified a new trend in philanthropy: using donor gifts as investments and concentrating on the rate of return of these investments (Hesselbein, 2001; Riggs & Helweg, 1996). The authors investigate the academic's role, the fund raising process, and the different perspectives about how and why institutions carry on fund raising. Slyter (1998) studied resource development in a community college academic department and concluded, in part, that faculty should be a part of the solution because they have a direct connection to, and an

effect on, the community based on their role within the institution. Because so little has been written about the role of faculty in philanthropy, these views were incorporated to evaluate the role of faculty on any ad hoc development team as part of the internal collaborative process. In addition, these authors' views on inclusion of the faculty in the process of fund raising were the impetus for design of charts presented in the conclusion that visually place faculty into the scheme of fund raising within an institutional organizational chart.

Riggs and Helweg (1996) affirmed that the decrease in available financial resources affects two-year public educational institutions. College fund managers must reassess sources of private funding for their foundations, and in doing so must also reconsider the rate of return on their investments (Riggs & Helweg, 1996; Hesselbein, 2001; Eckert & Pollack, 2001). Identified were three choices available to foundation directors: cutting costs, increasing productivity, or finding additional revenue resources (Riggs & Helweg, 1996). Of the three, Riggs and Helweg urged pursuing other types of capital assets. Riggs and Helweg also pointed to the value of scrutinizing four-year public institution foundation successes, especially as their successes relate to whether or not the college investment process should take place internal or external to the institution. An institution, as Riggs and Helweg suggested, should always consider the exchange between unpredictable investments and corresponding rewards (p. 228). This is the same as considering the level of risk versus the potential gain on the investment—that amounts to professional fund management, or stewardship—that can be critical to foundation success.

Baker (1999) proposed a comprehensive community college of the future that goes one step beyond and looks to an international audience. His article highlighted the Department of Education as an advocate of the comprehensive community college concept (p. 34). Among a long list of issues and challenges, Baker stated that governance/leadership is a major issue and that community college administration is the key group to respond to the issue. The challenge will center on how leadership can create a participative structure within a required legal-bureaucratic construct (p. 36). The state makes rules and proposes budgets for post-secondary institutions; in turn, forward-thinking leaders of comprehensive institutions could be prepared with longer-term strategic plans in hand with which to take action that achieves institutional goals. Baker's ideas helped in formulating one of the recommendations of this study that called for separate foundation planning.

Johnsen (1995) examined the degree of success of three, what turned out to be, dissimilar Virginia community colleges in their efforts to establish viable educational foundations; she tried to identify the characteristics enabling them to do so. The dissimilarity included a comparison of two single-campus colleges and one multi-campus college. Also, the multi-campus college was located in a highly developed urban area while the other two colleges were not. Johnsen analyzed answers to survey questions received from the three community college foundations and weighed the results against basic fund raising factors presented by Duronio and Loessen in their 1991 study. Johnsen's selection of three dissimilar foundations, her method of data collection, the study she used for structure, and a review of her findings were the catalyst for this study.

In an article on leadership for the 21st century, Milliron and Leach (1997) look at seven key issues driving change: enrollment pressures, retirement waves, technology transitions, partnership programs, at-risk access, accountability mandates and the learning revolution. They conclude by proposing a leadership congruence theory that "contends that organizational leaders must seek to develop and align their critical tasks, formal organization, people and culture if they wish to enable their organization to handle the stress and challenges that come with change (p. 15)." This model represents a synthesis of ideas that are already in use by administrators but one that also considers the circumstances under which a leader must act as well. Milliron and Leach (1997) recommend that community colleges develop an "organizational ambidexterity" in order to effectively manage change (p. 16). The congruence model offers simple strategies for leaders to use during times of both "incremental and revolutionary change (p. 16)." This model is a critical component to the multi-source model recommended in the conclusion that administrators can use as leadership skills.

This study, in contrast to Johnsen's (1995), focused on three similar community colleges with active foundations, and evaluated various practices in the nonprofit field, as well as recent foundation surveys. Of significance, Johnsen recognized the need to look into creative and unique fund raising efforts by two-year institutions. Her recommendations strengthened this study's aim to evaluate community college foundation development activities since 1995; however, this study relied on survey information conducted by both education and nonprofit associations. As a result, this study goes beyond the Johnsen study. Its findings are built on recent nonprofit theories

and the recommendations of experts like Grace and Wendroff (2001) who encouraged the use of a transformational model presented in Chapter 8; Warwick (2000) who promoted his giving strategies used in Chapter 6; and Hedgepeth (1999) who recommended a multi-source model and whose idea was used as the basis for the model presented in Chapter 8.

Foundation Process and Procedures

State college foundation practices and procedures are under the purview of each state's individual community colleges, just as state foundation practices and procedures are the oversight of individual colleges and universities in a higher education system. Part of this research included a search for a process applicable to community college foundations.

Simic (1998), in his explication of the role of the foundation board, looked at the process of how to raise and distribute private funds. He clarified the differing roles of the governing board that initially decides whether to have a foundation or not, and the role of the foundation board that dictates the nature of the activities that will follow (pp. 1-3). Although the foundation has the responsibility of setting its own priorities based on institutional needs, Simic warned that the process of setting priorities is "complex and subject to ambiguity" (p. 11). Simic proposed tracing the process from setting goals to reviewing goals, developing a list of priorities, and presenting the list to the board; this process should yield a foundation plan. Simic's process for determining foundation activities was included in the discussion on the kind of process that could work for a

community college foundation in the recommendations of this study. His theory about process could be very useful to a foundation board seeking a pathway to goal-setting.

Another contribution to the idea of process for the foundation was a study done by Davis (2001), who, along with her team, uncovered a process for determining the status of a university foundation at a given point in time. Davis looked at donor stewardship practices in the development office at a Virginia university, and her findings revealed there were no standards of practices, policies, and expectations for the whole institution. Ultimately she and her team developed a manual that incorporated a three-point model used to map out a process for recognizing what needs to be done and by whom. Davis's three-point thinking was juxtaposed to the thinking of Grace and Wendroff (2001), who also spoke of triangulation, or an ongoing connectedness in relationships. Davis's mapping model could work for those who want to evaluate the standing of their foundation, and Grace and Wendroff's could be effective for those who want a process regarding relationships. Both ideas were used as part of the multi-source model recommended in this study.

Covey (1998) discussed a similar process that a foundation administrator can use to pinpoint the status of the foundation. Instead of the word 'mapping,' however, he proposes using a moral compass and refers to 'pathfinding,' a process that seeks to connect a leader's principles to an institution's mission (p. 30). Covey's ideas on moral compassing or 'pathfinding' for a leader and Davis's mapping model for a foundation's operational status together can provide a process that ties a leader's vision to the institution's goals.

Zwerling (1998) also concluded that a new funding model was needed that encourages collaboration between collegiate and pre-collegiate worlds because collaboration promotes access. He recommended "an ongoing, dynamic partnership that called for the people receiving grants and the funders to be connected and continuously learning from each other" (p. 67). The community college, as Zwerling noted, is the catalyst that can support pre-collegiate and the collegiate worlds (p. 67). Overall, a model that incorporated Zwerling's idea that process and relationships are ongoing and interconnected was a valuable contribution to the search for a model for community college foundations.

Jenkins and Glass (1998) investigated why a particular community college foundation begins, what influences its development, and its growth over time. They determined that all community colleges should either start a foundation or strengthen the existing one. The authors also agreed with Howe (1991), who said that trustees should be involved in the fund raising process, yet they went one step further and recommended that at least half of the board should be dedicated to fund raising or be proactive in the process. The main findings for a successful foundation uncovered by Jenkins and Glass were that administrators should concentrate on long term planning; presidential leadership should be politically adept; trustee involvement is critical; transformational gifts are needed; and image building, good public relations, and accountability are essential for success. Their conclusions were helpful in the development of survey questions for this study, presented in Chapter 5. Furthermore, education development

directors could use the Jenkins and Glass's findings as a way to set standards of success for foundations.

Community colleges need a new model for their foundations (Jenkins and Glass, 1999; Hedgepeth, 1999). Expert acknowledgement of the need for a new model was the impetus for the search for a model that took into account the roles of decision makers, the effects of the current state or health of the institution on choices made for fund raising, and a consideration of the effect of timing on a project (Jenkins & Glass, 1999, p. 595). The main contribution made to this study by Jenkins and Glass was their advice to use case studies as the preferred way to approach "why" and "how" questions (p. 596). This study followed their suggestion to use the case study approach as the best method to answer questions.

Glass and Jackson (1998), in their article "Integrating Resource Development and Institutional Planning," discussed the need for a planning model that accommodates to change, integrates issues and trends, is flexible and dynamic, and focuses on both internal and external trends. Their counsel is evident in the inclusion of trends and issues in this study and in this study's exposition of a flexible multi-source model. Glass and Jackson, experts in the nonprofit area, also pointed to the need for consistent terminology across all professions. As a result, consistency in language was incorporated in this study as a recommendation for academia.

The practices of resource development and private fund raising as community college functions are minimally understood and only implemented in times of financial crises (Glass & Jackson, "Integrating," 1998, p. 715). Rather than react to needs,

development officers could find the models for institutional advancement and fund raising useful for planning to meet needs. Institutional advancement, a practice that builds relationships with the community, must be in tune with the mission and be a function of the organization (p. 724). The keys to success are "the institutional commitment to fundraising, presidential leadership, entrepreneurial activities, and the leadership of the chief development officer..." (p. 724). Glass and Jackson formulated that their new perspectives on financial planning would encourage community colleges to explore new ways to generate revenue (p. 734). Eckert and Pollack (2001) along with Senge (1996), remarked on the necessity of improving leadership and the need for transforming culture within an institution, just as they recommended altering the very concept of philanthropic giving through a foundation. The ideas of these experts supported the inclusion of transformational philanthropy—whether in leadership or resource development—in this study, as an avenue for community college foundation leaders to explore.

Klein (2001), an expert on grass roots fund raising, presented a practical guide to individual fund raising, capital campaigns, and events. She provided useful information necessary to "establish, maintain, and expand a successful community-based fundraising program" (p. 1). Klein maintained that a misconception exists that corporations and foundations are at the heart of philanthropy, and explained that individual giving, comprising 82% of giving proceeds in the United States, is the primary source (p. 6). Education was second only to religion in allocation of overall philanthropic dollars, and an indicator that the public holds it in high regard. In 1999, education received $27.46

billion or 14.4% of the total (Kaplan, 2000, p. 6). Klein's comment on the preponderance of individual giving wa corroborated by the giving statistics provided in the *Giving USA* report (Kaplan), and reinforced some of the recommendations of this study. Klein articulated the usefulness of comparing grass roots efforts to educational foundation efforts in fund raising, and offered a practical guide to individual fund raising, capital campaigns, and events, as well as a constructive tool containing important information for establishing, upholding, and increasing a community-based fund raising program (p. 1). Community college foundation administrators seek choices to grow finances, and their pursuit of the transformational individual donor-investor could be one important way to accomplish this (Klein, 2001; Hesselbein, 2001; Grace and Wendroff, 2001).

Adams, Keener and McGee (1994) decided that the need for community college financial support is the primary challenge facing the future of the 1,200 community colleges in the nation (p. 39). They identified several trends based on the findings of a National Council for Resource Development (NCRD) survey of colleges done in 1993 (Adams et al., 1994, pp. 39-40). Of the 1,140 members surveyed, 550 responded; of the 550 colleges responding, 542 had foundations with a net value of more then one million dollars (p. 39). One trend noted in the NCRD findings was that many companies do not fund community colleges; another pointed out that foundation leaders must be willing to engage in innovative leadership to support private fundraising efforts that are critical to the community college's future (Adams et al., p. 40). Even though the 1993 NCRD survey showed that many companies do not fund community colleges, Adams et al. documented a recent change in corporate foundation policy to include two-year colleges

as a recipient of their philanthropy efforts. The foundation manages the funds that are used to increase a college's financial resources. Adams et al. observed that this directly related to having the right leadership for the institution at the right time.

Lumarda (2001) suggested that community foundations can be a constituent of community college foundations; at the same time, he painted a different picture of the newer-type donor who approached foundations. His comments supported Adams et al.'s (1998) observation that corporate foundation policy should include education as a recipient of their efforts. The "accidental philanthropist," according to Lumarda, is a donor who was fortunate in getting his money and, because he needs a deduction, he is prepared to give some of his new-found wealth back to the community" (p. 7). What better way to support the community than to support the local community college. Community foundations are the fastest growing sector of American philanthropy. Lumarda's annotations on the "accidental philanthropist" as a potential donor, and the community college as a potential recipient of his generosity, are consistent with recommendations of Hesselbein (2001) that the venture capitalist be part of a foundation's solicitation efforts.

Nonprofit Strategies

Warwick (2000), a nonprofit expert, recommended five strategies as a practical guide to fundraising success that provided structure in evaluating the survey instrument in this study. Warwick's nonprofit private fund raising plan, which he called GIVES, addressed growth, involvement, visibility, efficiency and stability in nonprofit foundations. As understood, each of Warwick's strategies connects to a specific goal in a

fund raising effort, and each goal is mission-based. Warwick claimed that a development director using his GIVES strategy would be better equipped to make an informed productive decision about a foundation's future. Warwick's five strategies for fund raising are simple steps that can be applied to public nonprofit organizations, and similarly referred to as strategies for success for the education foundation. The GIVES strategy was essential to discussion on this study's survey results in Chapter 5. Overall comment of each of the six questions in the survey instrument were balanced against Warwick's plan for success to test if these case study foundations, already considered high achievers by the college presidents, were successful as achievement is defined in the private nonprofit field.

Experts in the nonprofit field tackled the implications of a foundation's options for the future. Grace and Wendroff (2001) were among those who critically reviewed the current state of nonprofit giving, discussed change as it related to community awareness, and presented a definitive look at the significance of transformational giving for the future. They presented information about the process of giving and the consequence of philanthropy, and argued that transformational gift giving is directly related to issues and values, and, if pursued, can result in what they called "high impact philanthropy" (p. 75). Both traditional and transformational fundraising can be part of resource development and provide opportunities for foundations to supplement unrestricted or non-stipulated funds. Grace and Wendroff's model for transformational giving was an invaluable contribution to this study's recommendations.

Rosso and Associates (1991) provided a conceptual basis for fund raising professionals that included approaches for use in the nonprofit profession. The plan recommended by Rosso and Associates included having fund raising as a strategic management discipline and making available essential information on developing plans, both short- and long-term. Rosso and Associates (1991), Howe (1991), and Grace and Wendroff (2001) concurred on the foundation's role regarding long-term planning, especially in reference to planned giving that provides a tax advantage to the donor as well as income to the foundation. Charitable Remainder Unitrusts, Charitable Remainder Annuity Trusts, Charitable Lead Trusts, Pooled Income Funds, Charitable Gift Annuities and bequests are just some of the ways through which a foundation can gain revenue. These specific types of gifts are referred to within this study as tools for a professional asset manager with which to build revenue, and as ways to pursue nontraditional revenue through a public nonprofit foundation. Rosso and Associate's recommendation for long-term planning was timely in 1991, and regenerated in Grace and Wendroff's study on high impact philanthropy. The review is valuable because it shows that long-term planning strategies in the nonprofit field are still timely and could work in the education nonprofit area.

Community colleges look for options to increase revenue, and this could mean a more aggressive stance on investment strategies to gain a niche in the philanthropy market and assure future success. Slyter's (1998) qualitative study of three community college academic departments explored how academic administrators managed scarce resources, and could apply to the community college foundation. Five themes emerged

from Slyter's dissertation: visionary leadership, customer quality improvement, competent staff and faculty, niche market strategy, and a systematic program review. Where Slyter identified common topics essential for success in colleges, this study focused on foundations and their related partnerships. Slyter's study contributed to an understanding of the positive consequence of interdepartmental cooperation, especially as it relates to internal communication and involvement of the faculty in philanthropy. Slyter's ideas about including faculty helped in formulating the role of faculty presented in the conclusion of this study.

For-Profit Strategies

Grace (1997) urged that nonprofits heed business tactics for investment opportunities. Although Grace did not specifically look at educational foundations, her idea that nonprofits implement corporate strategies could be appropriate for educational foundations as well. Calling for models that center on results and not on needs was reiterated by Grace and Wendroff (2001), who proposed a change in the philosophy of giving from that of traditional or transactional fund raising to transformational or life-altering giving. Grace (1997) explicated how nonprofits can incorporate this transformational philosophy into their organizations. She, like Howe (1991), advocated board development and participation. Furthermore, Grace (1997) advised following a values-based philosophy where the ideals of the donor and organization match in endeavors that include venture philanthropy (Grace & Wendroff, 2001; Hesselbein, 2001). Grace (1997) also supported promoting institutional planning that validates new ideas at the philosophical, strategic and tactical levels. Expert advice regarding inclusion

of business strategies in all types of nonprofits was taken into account in the recommendations of this study (Grace, 1997; Grace & Wendroff, 2001; Evans & Wurster, 2000; Hesselbein, 2001).

In a *Harvard Business Review* article, Letts, Ryan, and Grossman (1997) questioned a good program's value if an organization is lacking in some way (p. 2). The authors insisted that foundations are busy focusing on mission; and, even though they regard organizational capability as an important principle, they claimed that foundations are not investing in nonprofit organizational capacity (p. 3). Letts et al. furthered their argument by saying that foundations assume an oversight rather than a partnering role, and focus on program efficiency rather than concentrating on relationship building with donors. Venture philanthropy and transformational giving go hand in hand because the concentration is away from the traditional or transactional fundraising function for one specific reason, and moves to a transformational solicitation that could make a greater difference in the long run (Grace & Wendroff, 2001); Hesselbein (2001) and Riggs and Helweg (1996) also referenced venture philanthropy as giving that defines its results based on investment returns. The missions of the venture capitalists and foundations are consistent and could be grounds for future productive relationships. The recommendations of Letts et al. (1997) to set clear performance objectives or manage risk, and to seek models that help nonprofits develop the organizational capacity to sustain and expend successful programs, were subsumed into this study's recommendations.

As new types of relationships come into play, newer business theories have emerged. Businessmen Evans and Wurster (2000) proposed an economic theory of "richness versus reach" in regard to tradeoffs a business makes at a time of new economics of information. For Evans and Wurster, "richness in business" refers to the value of information to customized products that are aimed at a particular audience; "reach" refers to the ability of that business to make contact with a larger audience, yet with diluted information that forfeits that particular appeal for a more general appeal. Their "richness versus reach" theory has worth for community college foundation leadership, which sooner or later will face the dilemma of what to do in light of the proliferation of information and technology advancement of the Internet—as it relates to donor solicitation and collection of money—if they want their foundation to stay competitive. The "richness versus reach" theory can be applied to academic foundations in the process of reorganizing the way they do business. "Richness in academia" can refer to that traditional, often predictable, target audience of parents and alumni for gift giving, and the customized product is education in its many forms; "reach" has to do with transforming how and with whom a foundation does business, and this concept can include venture philanthropy as a source of funds, and the use of the Internet as a soliciting tool of choice for the 21st century. Recommendations in this study include Evans and Wurster's theory of "richness versus reach" as it can apply to academia—and specifically to community college foundations.

Summary

The public administration academic community is aware of the scholarly information on private and public nonprofit organizations; in fact, the greatest contribution to discussion on nonprofits comes from this area. Public administration's theories about public–private collaborations, professional leadership, and strategic planning, can also be part of the new thinking in the community college foundation field; however, this information has not necessarily moved from the academic side to the foundation's operation. Research revealed that limited information is available on the resource potential of a public community college foundation. In addition, current research does not provide much introspection over why community colleges have not maximized the abilities of their foundations, nor does it tell administration how to go about the business of public nonprofit activity within a community college setting.

This study considered all observations and omissions regarding state funding restrictions, and the need for a community college foundation to remold its leadership and giving strategies. Furthermore, it sought to identify events that instigated change in private nonprofit foundations, to find those models that illustrated transformational foundation practices, and to document the processes involved in making the transition to the new strategies. Findings will contribute to the post-secondary education profession as well as to the public administration nonprofit field, as this study links the role of state laws and policies surrounding resource allocation to the affect that funding practices have on public nonprofit foundations.

Public administration's nonprofit field tackled the strategies and theoretical aspects of philanthropy; but discussion did not center on the community college as a prospective audience for their findings. Combining extant public administrative assumptions and approaches to the need for transformational leadership and the desire for increased sources in the two-year college area can be productive, and the inclusion of business practices can be just as productive. Results of this study helped elucidate the appropriate level of activity essential to public post-secondary foundation success, and demonstrated how a foundation can become more engaged in transformational giving. This study, therefore, adds to community college discourse on the following topics: full utilization of the education foundation, the process of developing an educational foundation, the role of stewardship and the value of professionalism, managing change, and the importance of long-term strategic planning.

As the problem of declining government funding continues to persist within a fragile economic environment, this study reassessed whether a foundation led by a professional development officer is capable of proper stewardship, and if the foundation is the logical vehicle for resource development to meet institutional needs. It also sought a process for achieving foundation results, and questioned whether institutional and foundation personnel are prepared for the challenges that often accompany change. Research suggested that institutions that take advantage of a foundation's capabilities to maximize their financial opportunities can be more prepared to face future indeterminate economic factors.

Taking into account all prototypes, suppositions, and stratagems uncovered, the comments of Davis (2001), Covey (1998), Zwerling (1998), Grace and Wendroff (2001), Glass and Jackson (1998), Jenkins and Glass (1998), Milliron and Leach (1997), Warwick (2000), and Hedgepeth (1999) aided in the formulation of suggestions put forth in the conclusion of this study. Letts et al. (1997) and Evans and Wurster (2000) provided guidance in the search for implications of this study. Together, the experts' contributions illuminated a likely process that could be used for a public education foundation, and reinforced the practical outcome of professional stewardship that guides the public nonprofit.

The surveys reviewed aided in understanding where the discussion needs to move regarding foundations in academia. Various association surveys supporting education included, among others, one conducted by the American Association of Community Colleges (AACC), whose survey concentrated on foundation governance (Philippe and Kent, 1998), as well as one done by the League for Innovation that looked at various aspects of leadership (League for Innovation, "What do CEO's," 2001). Education association surveys revealed the need to encourage more community college foundation participation in surveys in order to broaden the conversation in leadership and governance to include foundation process and model development. National surveys researched, such as *Giving USA* (Kaplan, 2000) illuminated philanthropy trends on the national level in all categories, including education, and documented who is giving, how much they are giving, and to whom they are giving. *Giving USA's* annual report can be

an invaluable tool for community college foundation directors and presidents engaged in soliciting funds in order for them to stay competitive with other nonprofit organizations.

The questions raised in this dissertation ranged from what administrators can do to change their fund raising strategy, to how to engage in transformational fund raising, to inquiry into the influence of perception over various foundation practices, to how the institution can better prepare its administrators for the future. Grace and Wendroff (2001) replied to the question of how administrators can transform their fund raising strategies for the future. Davis (2001), Covey (1998), Zwerling (1998), Jenkins and Glass (1999), and Grace and Wendroff (2001) answered how to achieve a transformational type of fund raising success for the long term. Milliron and Leach's (1997) recommendations for leadership plus the League's (League for Innovation, 2001) online survey results elucidated desired leadership qualities and skills. This study's survey instrument provided insight into perception on roles and responsibilities within active community college foundations. Finally, the Council for the Advancement and Support of Education (CASE), among other national associations in support of education, had some answers and options for professionalism, standards and guidelines for community college foundations during times of change.

This literature review represents a starting point for community college researchers seeking to expand the dialogue on the community college nonprofit foundation. The review could prove helpful to those in the nonprofit field who want to include all types of foundations in their commentary. Scholarly input for this study came from the fields of education, history, nonprofits, and business, and could be expanded

even further as more researchers continue to more deeply explore the subject of community college foundations.

Chapter 3. Research Design

Methodology

Research methodology relied on a *qualitative, evaluative approach.* The aim of the research was to gain an understanding of the public-private relationship between the state institution and its associated private foundation. Methods used targeted the workings of community college foundations' policies and practices, and the role of leadership in implementing change in practice. Methods of inquiry that include institutional reports and a survey are compatible with research questions. The research questions addressed in this dissertation range from what administrators can do to change their fund raising strategies, to how administrators can engage in transformational fundraising, to inquiry into the outcomes of perception over various foundation practices, to how the institution can better prepare its administrators for the future. This study used the recommendation of Jenkins and Glass (1998) who say that case study analysis is the preferred strategy when "how" and "why" questions are posed (p. 596). In interpreting the case studies, the research considers the qualitative aspects of data. The units of analysis are leadership, the institution, the foundation, and historical documents.

This study examined how established community college foundations perform at a productive level, and how private nonprofits perform under similar circumstances. The

plan was to examine the broader topic of private nonprofit foundation tactics and strategies within the context of three case studies in the Virginia Community College System (VCCS). The overall goal is to expand knowledge on foundation relationships and operations, evaluate the type of leadership needed for a successful foundation, and provide additional information on the type of strategies needed to augment a foundation's resources.

The premise of this study is that foundations may not have moved fully into the realm of effective resource management and, if they have, their performance is not consistent enough to be reliable. The study included three demographically similar community colleges with established foundations, and explored what each has done in response to state policy changes regarding funding. An examination of these 3 two-year college foundations was undertaken that relied on existing foundation records, web sites, and the answers to a questionnaire survey.

At the recommendation of VCCS Chancellor Dr. Glenn DuBois, the presidents and development directors of Dabney S. Lancaster Community College, Patrick Henry Community College, and Southwest Virginia Community College graciously agreed to participate. The Chancellor's interest, admittedly, was in presidential leadership and behavior as it relates to the foundation.

Questionnaire

A questionnaire was sent to the president and to the person acting as development director of Dabney Lancaster, Patrick Henry, and Southwest Community Colleges. The survey instrument included six questions, each of which concentrated on how each

participant in this study thought the process of philanthropy and institutional development was progressing at the college, how each respondent understood his role in the process, where each wanted to see his foundation in the future, and how each proposed to achieve long-term goals. Questionnaire responses, interviews, and foundation records were evaluated for commonalities, differences, strategic innovations, limits of the foundations, and generally provided the particular information required to evaluate results of a foundation's processes.

One of the proposed study's goals was to review active community college foundations as they relate to administrative leadership, development and planning, and constituencies, to determine if the findings are consistent with the leadership, tactics, and strategies used by successful public nonprofit foundations, as they relate to national trends for other community college foundations. Another goal was to see how foundations are responding to the need for more resources despite cuts in state funding.

The questionnaire's categories and related questions are as follows:

1. Category: Administrative Leadership. The public wants an administrative leader with specific qualities that ensure the public trust and allow the administrator to function efficiently in a public institution.

    A. Please discuss one or two leadership qualities, and relate how they translate into good administrative practices and enhance the institution's image. Do you see these qualities you selected as similar or dissimilar to those needed by leaders in business?

B. Leaders need certain business skills to be effective public administrators. Please identify one or two valued skills and explain how they help you achieve your goals.

C. As an institutional leader, how do you include the faculty as collaborators in philanthropic activities?

D. Based on your position, how do you interpret your administrative role when it comes to the process of institutional revenue-raising?

2. Category: Mission/Vision Statements. A foundation's mission statement should complement the institution's mission statement. A leader's vision is bound to the mission statement and must be kept before the public.

A. What is your role as a leader in communicating these missions and your vision to the public?

B. How do you keep the message before the public, and are you comfortable with your communication efforts?

3. Category: Image Perception. Perception has a role in how an institution creates its image and how the public makes that critical connection and commitment to institutional and foundation goals.

A. How does your community regard your institution and in what ways do they support its goals?

B. How do you continuously refresh your image with the public?

4. Category: Ethics. Lately the public has called into question the ethical practices of a private reputable nonprofit like the Red Cross. Consequently, a viable public nonprofit

foundation must prepare itself and its staff to respond to ethical problems that may arise during the 21st century.

A. Is there a foundation ethics code written down, or does your foundation rely on a particular national code?

B. Relate your concerns about whether your foundation is prepared to handle the likely rise in ethical problems as more and more public-private collaborations take place, and as community colleges continue to become more diversified?

5. Category: Planning. Institutional planning, both long- and short-term, incorporate strategies similar to those of business. Foundations, as associates of institutions, also have planning strategies in place to maximize effectiveness.

A. Explain your level of involvement in foundation planning, and how do you perceive the effectiveness of your strategies?

B. What would you do to improve the process?

C. What is your institution's position on planned giving, and does the stance include a strategy to attract and hold on to major private donors?

6. Any further comments are welcomed. (Optional)

Specific Procedures

A letter was first sent to VCCS Chancellor Dr. Glenn DuBois, requesting that a study be conducted on certain community college foundations associated with community colleges that are part of the VCCS. At his recommendation, three institutional presidents were sent initial letters requesting institutional approval in advance of this study. A brief copy of the research proposal was sent with the letter to

give the presidents an idea of the intent of the study. The presidents returned the signed institutional participation letters by March 2002. By May 2002, George Mason University's Office of Sponsored Programs officially consented to this research, especially as it related to the handling and use of the research instrument (the questionnaire) and the data collected. In May 2002, the college presidents and foundation administrators were sent a questionnaire (Appendix A), letters requesting their individual participation (Appendix B), and an informed consent form (Appendix C); their responses and signed letters of consent were on file by September 2002.

The survey's objective was to gather information based on leaders' perceptions and actual practice. This would allow consideration of the following research questions:

- How do role titles, responsibilities and institutional expectations of a leader compare with the respondent's understanding of the same? (Question 1. Administrative Leadership; Question 2. Mission/Vision; and Question 3. Image);
- How does the institution prepare its administrators to act professionally and responsibly in response to problems or conflicts arising as a result of activity associated with fund raising or fund management? (Question 4. Ethical Practices);
- How does the community college foundation go about raising funds and what can administrators do to augment strategies for the future? (Question 5. Planning);

- How can a foundation transform itself for the future? (Question 5. Planning; Question 6. Comment).

Respondent identification is by title of the role held only, and no names or other identifiers appear on the questionnaire. For purposes of this study, institutional leaders are presidents, and foundation managers are development directors, development coordinators or assistants to the president. All responses are analyzed as a whole, rather than by individual institution for the purpose of gauging perception and not for comparing responses to each other. Should connecting a title or role to a specific response be relevant to understanding an answer, only the title of the respondent and not the respective institution are noted. In addition, responses singled out are referred to as "he" or "his" even though responses are from both genders. The purpose of doing so is to protect anonymity when possible.

Data Collection

In May 2002, questionnaires, letters and consent forms were sent out through the United States Postal service. This packet included a self-addressed stamped envelope for each participant to use when returning the completed questionnaire in the same manner. This information was returned and collected during the months of July and August, 2002. The data from the questionnaire is treated as private information.

Additionally, a separate letter was sent to each foundation director in early May 2002 requesting the following public information about the college and foundation: foundation campaign brochures, institutional reports reflecting foundation activity, annual reports for three years; press releases or write-ups on the foundation's activities,

and gift club information. The letter also asked for any other information that the direc wished to provide. In addition, the letter requested that each development director sup the foundation's web site address that connects directly to the foundation site, whether through the college's site or as an individual foundation site; along with this informatic they were asked to provide the last time the site was updated, and to advise the researcl if the site allows for collection of donations online. This last piece of information regarding web sites was a critical component for future recommendations.

In June 2002 a reminder letter was sent, and within a month of asking, the foundation directors provided the requested information. An electronic mail (e-mail) message was sent to each of the directors in late August asking for other public information essential for research. This information included a call for:

- a copy of the foundation's incorporation and the foundation bylaws,
- a copy of the foundation's goals statement,
- a copy of the college's master plan,
- a copy of the Memorandum of Understanding between the college and foundation, and
- a copy of any information on foundation planning.

Initially, when the directors were asked for any foundation information that fel under the public information umbrella, the intent was to include the information listec above. Each institution, however, responded differently. When a packet from each of directors arrived, each packet contained some or most of what was requested. The researcher developed a master list of essential documents to this research during the

process; the value of this was that the list showed which information was missing on each participating foundation so that the quest for information could continue systematically. The purpose of asking each participating institution for the same public information was to assure that when analysis of public and private documents began, each institution had provided a similar data set, and general comment could be made on each of these documents for all three foundations. In retrospect, this procedure would have been simplified if each item needed was known and had been enumerated in a letter of request in the first place. This shortcoming, however, was the result of the researcher's uncertainty as to the nature of what documents existed that could broaden the picture of the foundation.

In addition, in late August 2002, an e-mail to each foundation director asked a series of questions about public information that related to the research questions. The reason for this second approach to the foundation directors was to fill in the blanks where information was missing so all institutions were equal in response. Two of the three foundation directors had not acknowledged membership in a national association, or that the foundation used a *Donor Bill of Rights* or *Conflict of Interest* statements, nor did they acknowledge reporting their activities to a national organization. Because one institution supplied these documents, held membership in a national organization, and reported regularly to a national organization, the responses of the other two were deemed critical for analysis. The first four questions connected to the research question which asked how the institution prepares its administrators to act professionally and responsibly in

response to problems or conflicts arising as a result of activity associated with fund raising or fund management.

- Do you or the college president belong to a national philanthropic association?
- Does the foundation report to any national nonprofit professional organization on a regular basis, and if so, which ones?
- Does the foundation have a Donor Bill of Rights?
- Does the foundation have a Conflict of Interest Statement?

The next questions were intended to provide assurance to the researcher that there was no misunderstanding about how the foundation does business, and again the questions in the e-mail to the directors were directed to the two of three institutions that did not initially acknowledge this information.

- Does the foundation have a policy statement for planned giving?
- Does the foundation have a marketing plan, or does it rely on the college marketing department?
- What are your sources of giving?

As the information gathering process continued, the need for answers to these questions became more clear. Much of this information, although public, is not easily available. By August 2002, a letter was sent to one representative chamber of commerce for each case study, which asked for regional demographic information. The selection of the representative chamber of commerce began with a review of demographic information on all counties for each service region. A search of web sites for Dabney Lancaster Community College, Patrick Henry Community College, and Southwest

Virginia Community College also helped define which county was more demographically representative based on the connection the college provided to each county. In addition to the letter, a thorough search of Tazewell County, Henry County and Alleghany County's web sites proved productive for historical background and information on economic development for each of the college service areas.

A search of Census 2000 conducted by the Department of Commerce further defined the college service area, and facilitated the process of developing a representative county profile for each case study (U.S. Census Bureau, 2000). The purpose of this type of comparison was to provide a sense of the similarities and differences at a glance among the three cases.

Face-to-face interviews of those participating in this study were not conducted. Although there was adequate time to arrange to meet with the participants and do an interview and site visit, their schedules were busy. The researcher decided to minimize any inconvenience as an encouragement for participants to spend time answering the questionnaire; instead, numerous follow-up e-mails and phone calls served as a way for the researcher and the respondents to develop a working relationship. In the end, the decision proved to be appropriate.

Summary

The method used for data collection was through a questionnaire that presented a series of category statements for discussion followed by various questions that related to each category statement. Participants included the institution president and the development director from three Virginia Community College System colleges: Dabney

S. Lancaster Community College, Patrick Henry Community College, and Southwest Virginia Community College. As demonstrated, inquiry centered on the operation of the foundation, and the intent of these questions was that answers reveal perceptions of institutional leaders associated with the foundation. Additionally collected from the institutions and the foundations were published reports from descriptive publications, as well as data provided by e-mail to and from foundation representatives.

The only expectation attached to the survey responses was that recipients provide foundation information that revealed their perception about their role, the functioning of their foundation, the planning process, image, insight into management of ethical situations and accountability, and general comments. The data collected was analyzed in tandem with demographic data from U.S. Department of Commerce's Census 2000 (U.S. Census Bureau, 2000), the VCCS web site, and the Alleghany, Tazewell and Henry County Chambers of Commerce web sites. All together this data provided a working profile of each college's service area, and illuminated the relationship among the institution, its affiliated foundation, and the community at large.

Data analysis illuminated commonalities surrounding foundation development efforts. The results added a dimension to this study that helped answer the first part of the research question, which asks how the community college responded traditionally to the need for more funds. A look at the institutional curriculum and enrollment data related to traditional practice and response, and the foundation data spoke to foundation practice. Service area demographics were invaluable in addressing the second half of the

same question, which asked how institutions go about changing to a transformational type of fund raising for longer-term needs.

Survey responses connected to the research questions inquired about each foundation's role titles, responsibilities and institutional expectations; about professional development of its administrators; about the community college foundation fund raising practices and the role of administrators in strategizing for the future; and the ways a foundation can transform itself for the future.

Chapter 4. Background: Community College Foundations and Philanthropy

Public Higher Education Foundations - Chronology

American public higher education is a 19th century experience, and the history of the education foundation is as entrenched as that of higher education. Similarly, the public post-secondary education institution is a 20th century phenomenon, and the story of its foundations is similar to that of its higher education counterpart, although it does not take hold until the 1980s. Education foundations originated at times of social change or upheaval, and the purpose of their founding was to provide much-needed financial support to their associated institutions. As society changed over time, education foundations expanded their activities. Just as four-year colleges and universities have altered their foundation plans to align with social realities during the 20th century, community college foundations also can consider doing the same—and, in fact, in doing so can escalate efforts to transform the way they do business for the 21st century.

In 1892 the University of Kansas established the first education foundation because it needed a legal entity to protect funds from outside interference, specifically interference from the donor. At this time, very generous donors wanted to implement their own ideas of change and reform in education. Because donor and university agendas were not always in concert, the university administrators took the bold step of setting up a foundation. The foundation provided assurance that funds received on behalf

of the university were managed properly and, at the same time, protected the university from the influence of the private donor (Orcutt, 1999). As a result, the traditional reason for setting up an education foundation—still a reason today—was for the protection of the funds for the university. Historically, the period from the 1820s through the 1920s is referred to as the Progressive Era. This progressive reform movement put forth a philosophy of Social Darwinism, or social determinism, that dominated American social reform in all arenas, including education. Educational institutions benefited from the newly-acquired wealth and the philosophy of reform of the industrial philanthropists. Those institutions that followed the University of Kansas' example and established foundations could accept the major donations and, at the same time, advance their own programs free from outside infringement.

After amassing an excess of riches, industrial capitalists desired to donate money to the needy and simultaneously change society; however, their idea of social reform translated into social change based on advancing a reform morality, as well as the causes in which the reformers were interested. Additionally, progressive reformers aimed to affect the fiscal health of education the same way. Bremner (1988) highlighted Andrew Carnegie as an example of an 1880s-1890s industrial capitalist. Carnegie was contemptuous of charity or almsgiving and, instead, believed in a less direct way of helping the needy. Carnegie supported libraries, parks, concert halls, museums, and more, and referred to these agencies as "ladders upon which the aspiring can rise" (Bremner, 1988, p. 103). Bremner reinforced the idea of linking money to cause when he noted that the capitalists of the late 1900s favored causes like free libraries and believed

that education was the stepping stone that would provide the most opportunity to the needy (p. 104). Carnegie, and others like him, believed in stewarding wealth, not in giving to a cause and walking away. Many wealthy reformers of the Progressive Era contributed large amounts of money for education reform; however, at the same time they intended to produce change as they saw fit. During the Progressive Era higher education, including schools like Harvard University and Stanford University, benefited greatly from the generous contributions of these industrial capitalists (Bremner, 1988, pp. 50, 222). In the 1880s the University of Kansas accepted large gifts from these industrial philanthropists—but only after first finding a way to preserve control over fund usage through the establishment of a foundation.

The next shift in education foundation activities occurred after World War II when educational institutions used their foundations for fund raising as well as for asset management; in doing so, foundations expanded on traditional practice (Orcutt, 1999). In 1944, the U.S. Congress passed the *Servicemen's Readjustment Act* (*GI Bill of Rights*), which provided educational and other benefits for World War II veterans (Bremner, 1988, p. 227). Returning World War II veterans had an opportunity to get an education when the federal and state government offered them aid. Just as significant was the New Jersey Supreme Court decision in *Barlow et al. v. A. P. Smith Manufacturing Company*, which reinforced the right of corporations to make contributions to higher education (p. 229). With the passage of legislation and court cases that favored education, foundation administrators recognized the need to manage private resources for long-term financial needs. The foundation's operating practice shifted from a traditional way of protecting

private funds from private interference to a way of enhancing the purchasing power of private funds over time through endowment management and investment strategies (Orcutt, 1999). In addition, the Higher Education Act of 1965 opened opportunity for more students to get an education. The Act furthered the democratization of education in America as access opened to more and more citizens. In the minds of many Americans, the community college became the democratic education institution of choice. However, as more students enrolled in the community college, the need for government funding at all levels increased.

The community college movement began in the 1960s on the heels of the Civil Rights Movement. The movement represented a second era of social reform-influenced education, and continued into the 1980s and beyond. The country experienced a proliferation of community colleges that marked an era of institutional building. Public school enrollment statistics increased from about 2 million in 1957 to 10 million in 1987, evidence that society valued a college degree as essential for its youth if they wanted to amount to something (Bergman & Moffett, 1991, p. 32). The increased enrollments translated into the need for expanded or more programs and, in some circumstances, additional facilities. Consequently, community colleges in the 1970s faced a shortage of funds. To offset the shortage, college administrators reverted to traditional means of increasing revenue. They raised tuition and fees, and sought further legislative funding, while at the same time also looking for additional sources of revenue. The 1970s and 1980s, for community colleges, marked a shift from one of unprecedented and unplanned growth to an era of retrenchment, budgetary cutbacks, accountability, and reallocation of

resources in education (Bergman & Moffett, 1991, p. 34). At this time, the idea of a community college foundation became practice; however, the level of this foundation activity varied from foundation to foundation.

The 1980s began a period of decline in legislative funding for public education, and the primary issue of quality in education dominated. This steady erosion of government funding continued for the next 20 years. As well, the issue of quality education persisted as legislators add accountability and reporting to the list of critical issues.

As post-secondary educational financial needs increased, the institution continued to look for new and different ways to supplement funds. Bergman and Moffett (1991) predicted that to meet these financial needs in the 1990s, community colleges had to accept challenges in areas of leadership ability, planning, innovation, and faculty cooperation. The authors' comments ring true because these issues still dominate the list of concerns as society begins its journey into the 21st century. The 1990s found community college administrators concerned over the future prospects of community colleges as enrollment increased and funds continued to decline. Community colleges have been reappraising the role of their affiliated foundations and questioning the type of leadership essential to facilitate change just as Bergman and Moffett (1991) envisaged. As student numbers grow and as student needs become more diversified, the question of how to fund education dominates the discussion. Evidence, in the form of increasing tuition and fees, shows that another shift is in play for the first decade of the 21st century as colleges struggle to accommodate institutional veracity to economic reality.

The Community College Revenue Sources chart in Figure 1 demonstrates the various fund sources that directly filter into the host institution (community college) in the form of federal, state, or local dollars; as well, it shows the indirect revenue potential of the foundation as the fund raising vehicle that provides financial support to the college.

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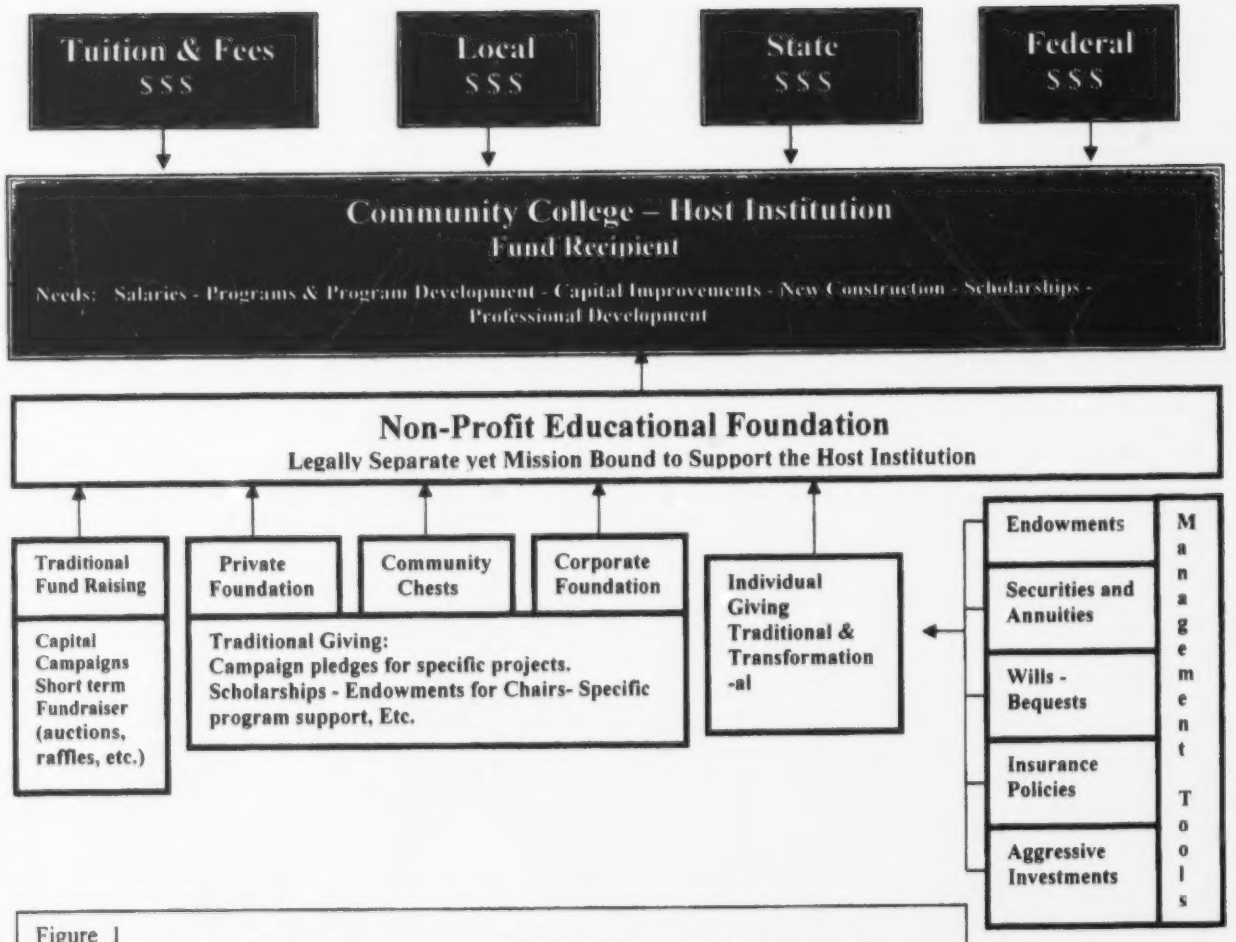

Figure 1
Host Institution and Associated Nonprofit Foundation: Community College Revenue Sources
Based on public information, developed by J. LaBeouf, 2003.

The direct funding stream as noted in Figure 1 by arrows shows that the amount of funds flowing into the institution from local, state and federal sources is no longer predictable as the state continues decreasing support for education and, consequently, the colleges raise tuition and fees to offset the differences. Also demonstrated is the flow into the foundation of traditional fund raising opportunities through private foundations, capital campaigns, and short-term fund raising strategies. Other prospects that foundations can explore include corporate foundations and individual giving, but in order to pursue these other prospects a foundation would have to be in a position to embrace a transformational strategy. Moving from a traditional approach to fund raising to a more transformational strategy requires an overall change in how a foundation does business for the 21st century.

Traditional major philanthropists in the late 19th and early 20th century, also considered to be donors for reform, were industrial capitalists who acted in response to the perceived evils of industrialization. They justified action with the theory of Social Darwinism and, consequently, provided the impetus for the first wave of social improvement that included reform in education. Educational institutions positioned themselves to accept financial support from these industrialists through associated foundations capable of managing funds. The result was that the university sheltered funds from encroachment of private concerns while maintaining institutional integrity. Today's Information Age or venture philanthropists can be called neo-progressives. Venture capitalists usually act out of a desire to share their wealth, promote their own

ideas, and want to donate to causes in which they believe. Venture philanthropy fuses managerial advice and financial resources into a new or existing philanthropic effort, b at the same time does not inject the applied daily direction that is the stamp of an entrepreneur (Association of Fund Raising Professionals, 2002, p. 6). Some of these venture capitalists, just as the industrial capitalists of the 19th century, are looking to invest in education, desire to change the ways that education does business, and intend manipulate activities such as program development—even if their participation is shor term. If today's venture capitalists are the industrial capitalists of yesteryear, then community college leadership would need to figure out ways to accommodate venture capitalists to institutional priorities without jeopardizing institutional integrity.

Public community colleges are state-run education facilities and, as such, are subject to state intrusion by way of stipulations attached to funding; however, their associated foundations are not subject to state control, and present the best opportunity for increasing revenue for the future. Public foundations can entertain various revenue earning opportunities, like those provided by venture capitalists, for their institution. A motivating philosophy for venture capitalists might be called Institutional Darwinism institutional determinism as these capitalists step in, donate funds, feel good, imprint t ideas, facilitate change, get the business in line with economic change, and then move In the long run, their money and expertise can determine the lifeblood of an institution ensure survival of the fiscally fittest institution. Community college foundations cann afford to hesitate to take part in the potential benefits of venture capitalism.

The University of Kansas formed the University of Kansas Foundation as a protection, a way to keep control over private donations. With donors waiting in the wings, the university incorporated a foundation that served to accommodate donors and their donations while shielding institutional interests. If history is repeating itself, then foundations should be prepared to react correspondingly with the right leadership, the exact message, a precise long-term plan, and appropriate strategies, when business approaches with innovative options for funding.

Education: Fiscal Health of Community Colleges

The National Association of College and University Business Officers (NACUBO) (2001) analyzed a 1998 survey conducted by Integrated Postsecondary Education Data System (IPEDS), and in their analysis considered financial statistics across the nation. Of note was the declining number of those participating in surveys since their start in 1977; in fact, statistics from 1995 to 1998 alone showed a participation rate drop of almost 50%, a decline from 405 to 202 of those responding (p. 3). In the State of Virginia, however, numbers of participants were strong: 16 of the 23 Virginia Community College System (VCCS) institutions participated; and, 2 of the 3 case study community colleges taking part in this study were among the 16 (p. 17).

The study indicated a tuition and fee national mean of $1,783; the national expenditure per credit for full time enrollments (FTE) was $6,208 for academic and support expenditures; and the national discrepancy was between $6,208 and $1,783 (p. 8). The study reported fees and tuition for all states, with the State of Virginia median amount for tuition and fees of $1,710 (p. 7). This means that Virginia's tuition was

average for the nation, and the shortfalls that the VCCS experienced were common to at least 50% of the community colleges across the nation. The most telling conclusion was that nationally, as well as in the State of Virginia, a disparity existed between tuition and fees collected and the costs per student for education. While community colleges faced this reality nationwide, the VCCS explored alternative funding sources to offset the gap within the State of Virginia.

Glenn DuBois, Chancellor of the Virginia Community College System (VCCS), issued a press release that is a barometer of VCCS's fiscal circumstances. In a VCCS press release dated March 2002, the chancellor announced a tuition increase for 2002-2003 that is part of the state's 2002-2004 biennial budget (VCCS press release, 2002). Tuition rates increased approximately $50 a semester for 15 credit hours, which included a technology fee assessment of $3 per credit hour imposed. The State of Virginia ranked 42 out of 50 in tuition costs and fees in the nation, with a clear majority of states charging higher tuition rates at the community college level (AACC Web site, p. 2). The chancellor acknowledged that the state's General Assembly traditionally has under-funded education, but noted that the legislature seems more sensitive to the community college's reliance on state general funds at this time. The reported deficit for VCCS is $17 million, and the scheduled tuition and fee increases recover all but $5 million of budget reductions for the year 2002-2003. The same press release included a comment from Robert C. Wrenn, State Board member, who acknowledged that education is in a crisis situation (VCCS press release, 2002, p. 3). The VCCS responded to this crisis by

raising tuition and fees, and public reaction will be measured through an analysis of upcoming enrollment statistics.

The American Association of Community Colleges (AACC) (1998) reported on various education statistics for the year 1995-1996 and concluded that during the 1990s local funding sources were constant, but state funding nationwide decreased by more than 13% (p. 20). In particular, the State of Virginia reported the data in Table 1 for the same period.

Table 1.

Funding Sources of Revenue for Community Colleges:

Fund Source	Amount
Federal	$ 60,122
State Funds	195,968
Local	1,392
Tuition	120,799
Other	19,240
Total Funds	$397,521

Table 1 figures corroborated the Association of American Community College's (AACC, 1998, p. 20) observation about state funding at the national level and showed that the bulk of funds earmarked for community colleges came from the state. In Virginia, the majority of funds for VCCS originate with the state, followed closely by tuition and fees. It makes sense that if the state dollars are declining, then something needs to be done to offset that decline. If that something is a tuition hike, then students can expect to pay more for their tuition. VCCS seeks to maintain a very reasonable rate

of tuition and fees for its students, but if it plans to continue at this rate, it must focus on alternative funding sources or be willing to accept any state mandate regarding future financial support. One trend for the state regarding education is performance-based funding and budgeting for the institution. The community college, however, has prided itself on its diverse population and believes the composition of the student population makes it difficult to accommodate to these types of mandates. VCCS is in the process of researching performance-based funding (G. Pavlidis, personal communication, September, 2002). At the same time, the problem for VCCS centers on balancing state concerns with institutional diversity, so VCCS is also looking into developing a funding model that takes into account a diverse student population like that of the community college. Some authorities have been insisting that the time is right for a shift from reliance on internal state and local funding to external revenue sources.

Meresotis and Wolanin (2000) support the need to shift to a reliance on external revenue resources; they pointed to scholarships and fellowships as the fastest growing expense category, with program and academic support categories as increasing, but at a lesser rate (p. 1). The main reason noted for this is the need for increasing remedial services. Overall, increasing costs and decreasing funds are two trends that persist. To offset these realities, these authors made strategic recommendations that included referring to a community college as an educational cafeteria, devising standards of educational quality, and increasing the public's investment in the college and in education (p. 14). To meet the current changing needs of the community college,

Meresotis and Wolanin recommended planning for a transition, and use of external sources to ameliorate the financial crisis in education.

Shults (2001) pointed to another predicament that centered on an impending leadership crisis. Shults stated that 35% of college presidents anticipate retiring within the next 7 to 10 years. He examined the leadership pipeline and pinpointed the following positions as a springboard to the presidency: chief advancement officer, business or financial officer, chief of student affairs officer, the director of continuing education, business/industry liaison, and occupational/vocational education leaders (p. 9).

A 1998 American Association of Community Colleges (AACC) survey of community college presidents broadened the discussion on the status of the presidency. Presidents said they were not prepared for the level of politics involved in the presidency, in fund rising, in budgeting, and in the amount of relationship building required of them as leaders. A skill set for leaders emerged from this same study and included the following abilities: bringing college together in a governing process, mediating, technology expertise, a high tolerance for ambiguity, knowledge and understanding of multiculturalism, and an ability to build coalitions (AACC, 1998, p. 9). Finally, the AACC (1998) study concluded with a list of overall essential leadership skills, among which are training in fund raising, financial management, and in working with governing boards (p. 9). If, in fact, a crisis in leadership is on the horizon, and if the participants in this study are right in their appraisal of their own shortcomings, needed abilities, and essential skills, then the institutions need to provide the training necessary for effective leadership. The value of this survey is its illumination of actual expectations,

experiences, and perceptions of community college leaders as their comments relate to the education foundation.

One solution for the crisis in education resides within the education foundation because it can operate external to the institution. In a recent article in the *Community College Times* (LaBeouf & Villagran-Glover, 2001), VCCS Chancellor Dubois commented on the state of the education crisis in a speech to community college educators. The Chancellor concluded that VCCS presidents must make fund raising a priority, that future funding opportunities should be a focus for community colleges, and that community colleges can realize future funding goals through education foundations (p. 7). While acknowledging a crisis in education, Dr. DuBois pointed to the foundation, which can operate external to the community college, as one possible solution to the funding problem. When college leadership solicits beyond its traditional boundaries and ventures outside the institution for support, the results can be increased resources. The foundation is the receptacle for these gifts. Besides business and industry for partnering opportunities, another external opportunity can reside with the individual major donor within the community.

In the search for tangential funding sources, another recent tendency in giving emerged that concentrates on those who donate to the education foundation, and on the use and management of gifts as investments. Today's donor, for example the venture philanthropist, wants to take an active part in his gift giving; he prefers to specify the gift's use, demands assurance that his wishes are carried out, and looks for the opportunity to track the gift's overall success (Eckert & Pollock, 2001; Riggs & Helwig,

1996). Foundation administrators control the use of funds and invest according to institutional needs with no donor intrusion on their practices. Allowing a donor a say in how a gift is to be invested constitutes a change in how education foundations do business. Administrators who accept gifts that come with donor control could consider the amount of the gift in light of institutional needs and weigh the advantages and disadvantages of this kind of collaboration before embarking on a relationship that shifts some control from the institution to the donor.

Once the gift is accepted and its use determined, another trend is for foundation administrators to skillfully manage the fund. The ability to manage assets is important because the kind of investment affects results, and the rate at which an investment earns profit influences the availability of funds for projects. Traditionally, foundation administrators seek a modest yet steady return. Manetta (2001) analyzed a recent National Association of College and University Business Officer's (NACUBO) study that looked at the rate of return for invested funds and that commented on traditional and aggressive investing. He found that, for example, the reported rate of return on some funds for 1999 was 11%, and for June 2000 was above 13%; however, as a result of recent market performance, he cautioned that fund investors be prepared for less robust investment results for the future (Manetta, 2001, pp. 1-3). The NACUBO results also indicated that aggressive investment pools of $1 billion yielded from 18.8% to 29.2%, and showed that traditional investments that dominate investment pools below $500 million averaged a rate of return of 9.7% to 12% (Manetta, 2001, p. 3). The study illustrated that regardless of the rate of return, the returns themselves on the higher risk

pools are still vigorous when compared to traditional returns. Administrators who invest more aggressively can look for a greater rate of return on their investment if they are willing to accept the possibility that there is an unpredictable nature to the market. Thus, financial knowledge and business skills are desired traits of a foundation administrator who manages all types of investments.

Besides building a newer donor profile and considering the rate of return on investments, another trend centered on who should be involved in philanthropy. Most agreed that the president and foundation director should be occupied in fund raising, while others insisted that faculty and staff have a critical role to play. Perceptions reported by respondents in the Johnsen (1995) study indicated that presidents should be the only one soliciting, that the staff does not see soliciting as part of their role, that the development officer should be more involved in soliciting, and that board members were not comfortable with gift solicitation (p. 83). Foundations have traditionally viewed faculty and staff as potential donors for capital campaigns, but experts see an expanded role for faculty as solicitors (Eckert & Pollack, 2001; Slyter, 1998; Bergman & Moffett, 1991). Faculty can be an important ingredient to the external philanthropy effort. Slyter (1998) concluded that departments, including faculty and department chairs, must proactively engage in soliciting for scarce resources for the institution. Eckert and Pollack (2001) deduced that faculty and deans should be part of the collaborative team because they have a respected image within the community and are in a position to relate success stories regarding the end product of gifts to the community at large. Where Slyter noted that faculty should be involved in the soliciting process, Eckert and Pollack

said the only way that collaboration can work is if faculty gets involved in administration. Historically, faculty and administration have been at odds with each other. Although changing that relationship can be a start in achieving a truly collaborative institutional effort in philanthropy, implementing a cultural and structural change is more problematic.

The Host Institution and Foundation, Revenue and Personal Relationship Chart (Figure 2) was developed by the researcher and illustrates the interconnectedness of the foundation to the college, or host institution, as interactions are understood within the host institution and foundation. Furthermore, the chart reflects the revenue capability of the foundation as well as the relationships of various personnel to both entities. The illustrated traditional revenue sources that flow into the host institution include local, state, and federal funds, tuition and fees; furthermore, the chart also indicates the foundation's revenue source potential that includes both direct and indirect funding opportunities available to the institution.

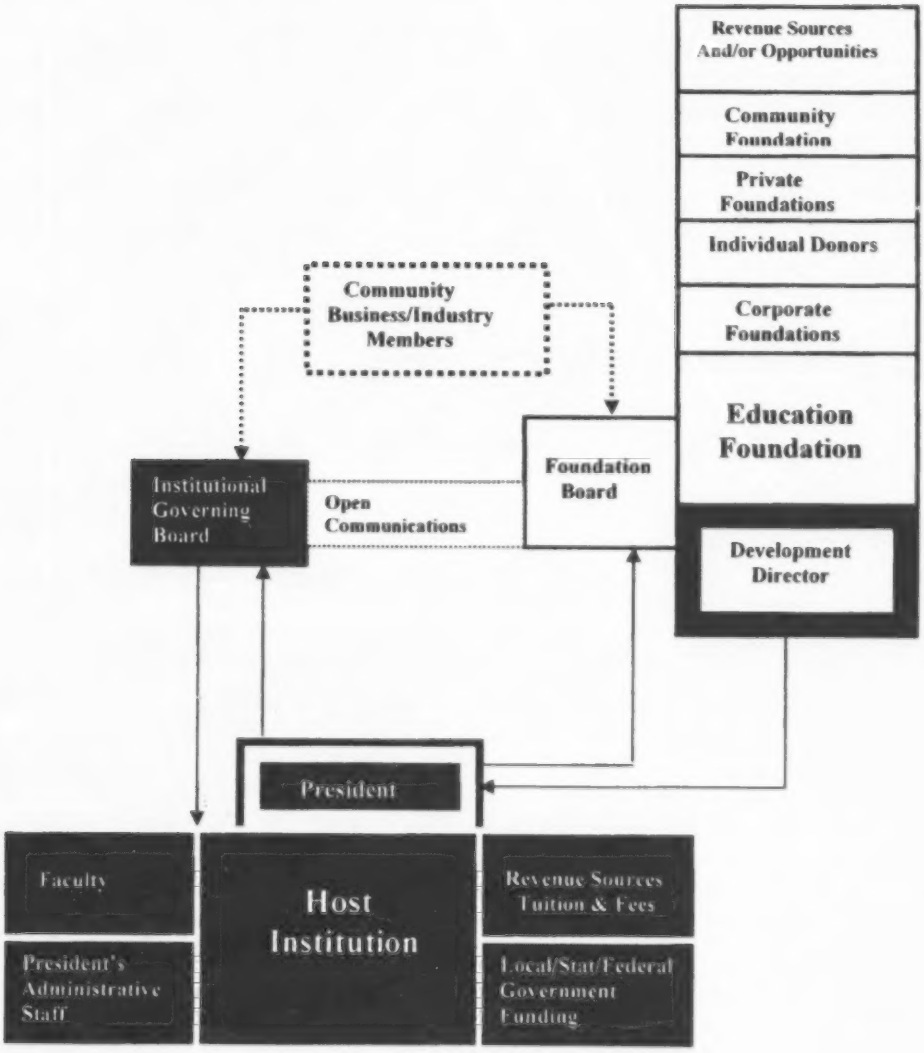

Figure 2
Revenue & Personal Relations
Developed by J. LaBeouf, 2003

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As well, Figure 2 explains the interaction among the two boards, the CEO, the development director, and faculty and staff. Evident is the divided role of the development director, who works with two separate yet related bodies as a member of the president's administrative staff and as director of the foundation. The president, the Chief Executive Officer (CEO) of the host institution, serves in some capacity on both boards and is directly over the development director. The CEO has the primary responsibility of soliciting those in the community at large as he networks through board members to achieve his goal. Members are selected on the institutional governing board and members volunteer for the foundation board. One potential result could be that boards sometimes have overlapping directories. Interconnected directories can be a healthy situation because certain members would be aware of needs of both sides, and in that capacity would be able to facilitate goals. As long as new ideas flow and an open-mindedness continues to exist among board members, the length of their terms does not matter; however, without board member terms in place, a non- or negatively contributing board will continue to sit and can be a detriment to advancing institutional or foundation causes.

Overall trends in philanthropy such as those previously mentioned have shifted since the New York City Trade Center disaster on September 11, 2001. Following that event, fundraising professionals realized that the perceived unethical behavior of national fund raising organizations, a slowing down of the economy, and more recent unsettling foreign policy concerning the Middle East, shapes individual, corporate and private foundation philanthropy over the long run (Epstein, 2001, Shmavonian, 2001, p. 1).

Recent trends that sway philanthropy emerged: bridge the divide in education achievement, search for best practices when it comes to success, and place a premium on evaluation (Shmavonian, 2001, p. 3). Additionally, Shmavonian called for a re-emphasis on venture philanthropy when he said, "Traditional foundations should not dismiss the entrepreneurial ambitions or business discipline of the newer associates..." (p. 5). Venture philanthropy is a new trend in nonprofit management that "means, among other things, defining results by measuring 'return on investment'" (Hesselbein, 2001, p. 1). The Association of Fundraising Professionals (AFP) (2002) agreed that institutions should consider venture philanthropy if they require financial assistance.

Venture philanthropy requires that leaders, when making decisions, understand institutional and donor desires. Covey (1998) recommended that leaders employ a method of pathfinding by lining up donor and institution needs when considering choices. Leaders should connect their institutional vision to what a customer is passionate about receiving, to that which the institution is passionate about giving (pp. 32-33). Making such a connection is a useful strategy for administrators to take into account once a decision is made to accept gifts from venture philanthropists. In addition, pathfinding—or aligning an institution and donor when making institutional assessments—is a constructive approach for administrators who are considering venture capitalists as a component of transformational philanthropy of the future (Covey, 1998; Schmavonian, 2001; AFP, 2002).

Nonprofit organizations make use of a code of ethics as a way to promote sound conduct among employees, a practice that can apply to education foundations as a way to

ensure ethical behavior." Huddleson and Sands (1998) investigated the various categories of enforcement mechanisms that affect behavior—such as laws, professional rules, and cultural strategies, among others—and in their investigation noted a trend in the use of codes of ethics. Codes of ethics are "statements of prohibited behavior and injunctions to employees to uphold high moral standards" (Huddleson & Sands, p. 147). Ethical codes, the content of which focus on conflict of interest and financial disclosure, are becoming more popular. Traditional ways of solving ethical dilemmas, such as relying on the personal integrity of each individual, need to change as the nature of fund raising and asset management strategies change. Implementing an education foundation ethics code can be a significant attempt at assuaging public misperception at a time of an educational financial and leadership crisis, economic uncertainty, unrest over terrorism, and unpredictable foreign circumstances. Besides the use of a code of ethics in philanthropy, other trends and recommendations emerged from one of the most recent surveys on philanthropy.

Nonprofits: National Giving

Giving USA (Kaplan, 2000) is the most telling national survey on the state of philanthropy that relates to the fiscal health of nonprofits; its results relate to the future fiscal strategies of the community college and its foundation. The American Association of Fund-Raising Counsel (AAFRC), Trust for Philanthropy, conducted this study that was developed in association with the Council for Advancement and Support for Education (CASE) and the National Council for Resource Development (NCRD), among others. Overall the study announced an increase in giving by 88% since 1990 (Kaplan,

2000, p. 7). Along with statistics on giving, the study included a sample *Donor's Bill* *Rights* because the sponsors wholeheartedly believe that donors should have such a bil for individual donor protection. The study was rich with statistics on contributions, broken into both giving and receiving organizations, and as well integrated changes in giving by source and recipient organizations for the year 1999.

Table 2

Source of Contribution and Contribution by Recipient Organization

Source of Contribution

Giving – 1999:	%	$ in Billions
Individuals	75.6%	$143.71
Foundations	10.4%	$ 19.81
Bequests	8.2%	$ 15.61
Corporations	5.8%	$ 11.02

Contribution by Recipient Organization

Receiving – 1999:	%	$ in Billions
Religion	43.0%	$81.78
Education	14.4%	$27.46
Health	9.4%	$17.95
Human Services	9.1%	$17.36
Other:	7.9%	$15.11
Arts & Culture	5.8%	$15.11
Public /Society	5.8%	$10.94
Environment	3.1%	$ 5.83
International Affairs	1.4%	$ 2.65

Table 2 shows that the largest percentage of giving dollars reported in *Giving* *USA* came from personal giving by individuals (76.5%) (Kaplan, 2000, pp. 22-23). E

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though education traditionally seeks grant support through private foundations for supplementary funding, giving trends suggested that approaching the individual for donations to education is an opportunity for exploration and exploitation.

The extrapolated giving numbers indicated that the largest portion of giving dollars (43.0%) went to religion (Kaplan, 2000, pp. 22-23). This, compared with the top donor categories, pointed out that individuals gave more often to religion. However, *Giving USA (*Kaplan) recounted that, historically, increases in religious giving do not follow the same trend as individual giving; religious giving compares more to increases in personal income, while individual giving fluctuates according to the market (p. 37). After religion, education received 14.4% of total dollars, topping all other remaining categories (pp. 22-23). *Giving USA* (Kaplan) stated that education institutions received significant gifts of appreciated assets for capital purposes and, in light of market increases in 1998-1999, speculated that this type of asset explained the strong growth (p. 36).

Another way to study giving trends is to compare one year's giving statistics to another year's, as shown in Table 3, to gauge the percentage of increase from year to year, and comment based on the rate of change (Kaplan, 2000, p. 24-25).

Table 3

Changes in Giving by Source

Giving Categories:	1997-98	1998-99
Individuals	13.1%	7.2%
Foundations	22.2%	16.5%
Bequests	7.8%	14.6%
Corporations	12.0%	14.3%
Overall Total	13.4%	9.1%

Although the individual and foundation categories show a decline in the rate of giving, bequests and corporations show an increase in giving over the previous year. Of all of the categories, the Bequests category increased at a much greater rate than the others from 1998 to 1999. The overall total for the period 1969 to 1999 documented personal giving as the primary source of American philanthropy (Kaplan, 2000, p. 29).

Table 4 shows that the *Giving USA's* (Kaplan, 2000) receiving categories indicated changes in receiving that occurred from the first report in 1969, to 1989, to 1999-1998.

Table 4

Changes in Receiving (Reported as a percentage of change over time.)

Receiving	1969	1989	1998-97	1999 - 98
Religion	7.1%	5.8%	6.6%	5.5%
Education	6.7%	7.0%	15.1%	8.5%
Health	11.1%	3.6%	20.4%	6.3%
Human Services	17.3%	3.6%	27.0%	8.0%
Arts	18.9%	10.5%	-0.8%	5.1%
Public /Society	31.1%	19.6%	29.5%	0.8%
Environment	-0-	-14.0%	28.3%	11.1%
International Affairs	-0-	17.2%	9.3%	23.6%
Total Receiving	9.6%	11.8%	9.1%	13.4%

For the period 1998-97 to 1999-98, all categories of receiving by type of organization experienced a continuing percentage of increase; however, the International Affairs category increased at a much greater rate. Education continued to increase but at a lesser rate. Kaplan (2000) pointed out that contributions to institutions of higher education rose more than giving to education overall (p. 25). In regard to Total Giving reported for the period 1969 to 1999, the increases can be attributed to a strong economy and increased attention to philanthropy (Kaplan, 2000, p. 27). If this is so, then when the economy fluctuates, giving to education can do the same, thus making reliance on this type of philanthropy dependent on market performance. The same explanation for giving to Religion noted above, as demonstrated in *Giving USA* (Kaplan, 2000), also can be applied to Education when compared from year to year. If, as mentioned, giving responds to market conditions that are not totally predictable, then foundation

administrators can look closely at the value of long-term instruments and planning, and take into account short-term market fluctuations.

The *Giving USA* report (Kaplan, 2000) indicated an increase in giving to International Affairs estimated at $2.65 billion, a 23.6% increase from the previous year of $2.14 billion; the study concluded that this category is likely to increase as the economy globalizes and as donors see the outcomes of this advance as it related to them personally (p. 44). The international arena, therefore, can be the next frontier in building a comprehensive community college (Baker, 1999). Tying education to an expanding world economy could be a good strategy for acquiring some of the money filtering into International Affairs. Education could seek grants and partnerships from this arena. For example, a community college system like the VCCS could make arrangements with another country's post-secondary education system to have reciprocal industrial or trade programs.

In addition, *Giving USA* reported on the total number of Internal Revenue Service registered 501(c)(3) nonprofit organizations. The number of nonprofits that reported in 1988 increased approximately 64.0% in 1997 (Kaplan, 2000, p. 45). Kaplan acknowledged that this number really was much larger because religious organizations or non-incorporated grassroots organizations, among others, were missing from the report (p. 45). The number of 501(c)(3) organizations were reported at 447,525 in 1988 and steadily increased to 692,524 by 1997. This increase in the number of registered nonprofits can substantiate a new or renewed interest in nonprofits in the 1980s and 1990s; it could explain why the VCCS colleges established affiliated nonprofit

foundations during this time. Also, in the mid 1990s, the increased number of established nonprofits, as well as the increasing dollars given to education, could explain why the VCCS chancellor decided to review the idea of reactivating the VCCS foundation. However, the VCCS foundation strategy since 1995 has been to stay minimally active and allow its community colleges to individually pursue giving.

Volunteering was included as part of an individual's donating activity, and statistics showed that volunteers worked an average of 3.4 hours per week because they sought personal fulfillment and because someone asked them to do so (Kaplan, 2000, p. 50). A solid volunteer program in a community college could supplement services in times of need. For example, one strategy for the community college, when confronting a decrease in state funds, is to cut back personnel or freeze hires and raises. A volunteer program can provide an ancillary workforce source at such times. In addition, a foundation volunteer program also can supplement the labor needs of a foundation.

Of all categories of giving, bequest giving is on the rise. *Giving USA* showed that bequest giving increased by more than 650% in three decades, from less than $2 billion in 1969 to $15.61 billion in 1999 (Kaplan, 2000, p. 52). The study verified that in 1995 Charitable Bequests, one type of bequests, covered the categories of Social Welfare; Arts and Humanities; Religious; Private Foundations; Education, Medical, Scientific; and Other. The Education, Medical, and Scientific category was the dominant distribution and received 31.6% of the total (p. 52). The study also reported that among individuals, women, rather than men, were the primary donors. Based on the category percentages reported, the large percentage in the individual category of giving indicated that

individuals have money to donate, do give to education, and can actively be solicited by administrators in all levels of education (Kaplan).

The *Giving USA* report (Kaplan, 2000) included an assessment of the private foundation grants activity for 1998-1999 (see Table 5). The list of grant-providing foundations illustrated an increase in the amount of grants given from 1998 to 1999. As well, the grant giving performance of the top four foundations showed that the William H. Gates Foundation moved into the number one position by 1999 (Kaplan 2000, pp. 62-69).

Table 5

Top Four Foundations

Foundation	1998	1999
William H. Gates Foundation	$ 53,962,025	$611,242,730
Ford Foundation	$453,400,415	$524,125,551
Lilly Endowment, Inc.	$424,000,000	$555,700,000
David and Lucile Packard Foundation	$263,400,000	$391,240,000

Of 238 private foundations reporting to the *Giving USA* study, the top four (Table 5) have been, and continue to be, a source for traditional grant funds for education institutions. Their giving activity is a reflection of their continued support. These findings could mirror a stepped-up effort by the colleges to receive these grant monies. In their ongoing search for grant funds, community college foundations pursue private foundation grants in support of education and could also reference the *Giving USA* foundation grant list for potential contacts.

The Council for Aid to Education/RAND is the authority for providing figures on voluntary support of independent schools for 1998-1999 (Kaplan, 2000, p. 84-85). The Giving to Education figures in Table 6 indicate the extent of voluntary support and is a partial listing of the information available and the categories presented in the *Giving USA* report (Kaplan, 2000, p. 84). Table 6 includes those who traditionally give to education.

Table 6

Giving to Education

Source of Support	1998 $$$	1999 $$$	% Change 1998-1999	% of Total Distribution
Alumni	395,770	363,975	-10.4%	39.3%
Parents	249,015	266,324	4.1%	30.8%
Foundations	136,185	144,093	7.1%	15.6%
Corporations	26,246	29,161	14.8%	3.1%
Other Organizations	14,116	16,321	13.4%	1.9%

The full list of voluntary support of independent schools for 1998-1999 included Alumni, Parents, Grandparents, Other Individuals, Corporations, Foundations, Religious Organizations and Other Organizations categories. Topping the list in total giving were Alumni, Parents and Foundations. Of significance, the greatest percent of increase in giving for the period originated from Corporations, with an increase of 14.8%, followed closely by contributions from Other Organizations at 13.4%. This means that traditional donors—alumni, parents, and foundations—continue to represent the source of largest dollar donations. However, the increase in the rate of giving for the Corporations and Other Organizations categories means that various business enterprises placed their dollars in education in increasing amounts. Community colleges actively court

foundations for grant money, and if they continue to do so they could maximize their efforts. Four-year colleges and universities, as a rule, approach both alumni and parents. Traditionally, community colleges do not because of the difficulty in tracking their former students. The amount reported for these two categories is substantial enough that community college foundations can receive similar funds by employing similar strategies for soliciting potential donors that include former students and their parents.

The increase in business contributions, noted in the Corporate and Other Organization Categories, could mean that a community college foundation's soliciting activity should shift from that of the more traditional methods of soliciting to a different kind of soliciting. Education foundations could solicit the corporate segment of the donor market. The venture capitalist is among these potential business donors. As a practice, the venture capitalist is part of the concept of transformational philanthropy, a type of philanthropy that promises to change how colleges go about doing business. A venture capitalist wants to have a role in a community college's philanthropic endeavors; so, foundation leadership could be working on strategies that make room for this type of philanthropy in the mix. Failure to include the venture capitalist can be a missed opportunity for the community college as well as the foundation.

Giving USA accounted for a total giving for 1969 at $20.66 billion, and by 1999 at $190.16 billion (Kaplan, 2000, p. 27). Education giving in 1969 was $2.54 billion and by 1999 grew to $27.46 billion, with the greatest percentage of increase in giving to education occurring in 1981 (16.3%) and again in 1998 (15.1%) (p. 29). The 1981 figure of $5.77 billion could speak to why so many VCCS colleges incorporated foundations

around that time. Although the most recent figures for education as a recipient of support show education is getting the second highest distribution of donations, and even though that amount is increasing, the period 1998-1999 showed a slowing in the rate of giving of 6.6%, and could be a reflection of the beginning of stock market shifts. The *Giving USA* study is evidence that if community college foundations developed long-term plans to boost revenue not subject to short-term market activity, they could gain a greater percentage of philanthropic support.

Summary

Over time history has shown that the nature of philanthropy changes, but one thing remains the same: people are generous and willing to support the cause of education. From the beginning of organized philanthropy in the 19th century to today, people have demonstrated their backing in many ways, from voluntary support of their time to providing monetary contributions to causes dear to their hearts. If causes and issues change and are a reflection of the time, and if foundations prepare to react correspondingly to shifting markets and trends with suitable leadership, a message, a plan, and strategies, they could realize financial support for the institution that is sustained over the long term.

Contributions to education have not increased in step with the need for funds. This could an indication that education administrators must look elsewhere for funds. Educational institutions could pay attention to recommendations in studies such as *Giving USA* that suggest that long-term planning can increase revenue. Also, if the foundation

looked to innovative leaders capable of leading at a time of change, and to new investors capable of facilitating change, they could maximize foundation capability.

Information on the history of philanthropy, a look at the fiscal health of community colleges, and the national philanthropic giving survey were offered herein as the backdrop to this study. The presentation of national philanthropic trends illuminates issues that drive philanthropy at specific times, such as the need for professionalism or the use of ethical codes. Trends also demonstrated the value of including the venture capitalist as a part of transformational philanthropy for the future. The giving survey statistics and recommendations paint a picture of what individuals and other contributors do, report on the primary recipients of support, and speak to possible national philanthropic tendencies for the future.

The information in this chapter also addressed the two research questions that ask how community colleges traditionally act, and how they can transform their practices for the future. The history of philanthropy in education, the status of community college fiscal health, and a look at national giving trends relates the research data to national philanthropic practice. Furthermore, doing so illuminates how post-secondary education administrators can include national philanthropic associations in their conversation about funding needs.

Chapter 5. Case Studies: Individual Community Colleges and System Foundations

Introduction

The current foundation surveys, trends, models and best practices presented illustrate the history of philanthropy and education. An expanded picture of public community college education in Virginia calls for an examination of some of the individual community colleges and foundations, as well as the state community college system and its foundation. Traditionally, foundation leaders take into consideration the economic health of the college service area. Three individual college and foundation case studies are put forward in the first part of this chapter as examples of active foundations. The case studies answer the research question that asks how education foundations traditionally respond to the need for more funds.

A case study of the Virginia Community College System (VCCS) and its education foundation make up the second half of this chapter. This case concentrates on the VCCS foundation history and status, and as well explains its connection to the individual college case studies. Although the VCCS and its affiliated education foundation predate the formation of its constituent community colleges and their education foundations, the System's foundation is presently inactive and, consequently, secondary to the subject of this study. This report concentrates on the value of establishing foundations at the individual community colleges because foundations

appear to be the logical vehicle through which an institution can increase funds. In order to fully appreciate the community college cases as they relate to how foundations within the System operate, it is just as important to understand the VCCS and the reason for its establishing a foundation—and its present inactive state. Figure 3 is a map of the VCCS College Service Regions. The map indicates the 23 community colleges that comprise the System, and specifically the three case studies that are located in the southwest corner of the state: Dabney S. Lancaster, Patrick Henry, and Southwest Virginia Community Colleges.

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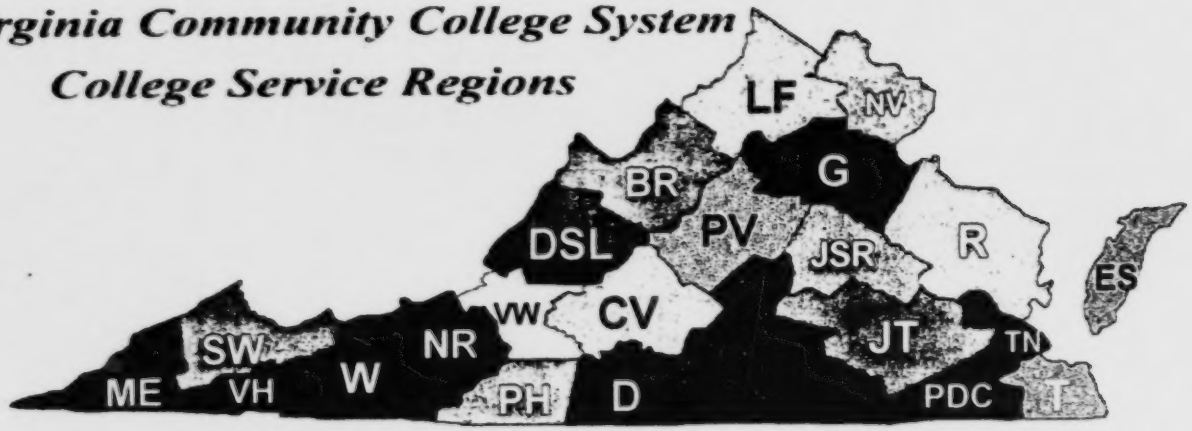
Virginia Community College System
College Service Regions



BR – Blue Ridge
CV – Central Virginia
DSL – Dabney S. Lancaster
D – Danville
ES – Eastern Shore
G – Germanna
JSR – J. Sargeant Reynolds
JT – John Tyler

LF – Lord Fairfax
ME – Mountain Empire
NR – New River
NV – Northern Virginia
PH – Patrick Henry
PDC – Paul D. Camp
PV – Piedmont Virginia
R – Rappahannock

SSV – Southside Virginia
SW – Southwest Virginia
TN – Thomas Nelson
T - Tidewater
VH – Virginia Highlands
VW – Virginia Western
W - Wytheville

Figure 3
Virginia Community College System, College Service Regions
Source: http://www.so.cc.va.us/colleges/vccsmap.htm

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Part A. Individual Community Colleges: Services Areas, Institutions and Foundations

The case study approach compliments qualitative analysis. In examining these cases, this study analyzes data from the following sources: The U.S. Department of Commerce's Census 2000; the Virginia Employment Commission; surrounding counties and chambers of commerce web sites; the community college and education system web sites that contain college and foundation data; and foundation public records and campaign brochures, pamphlets and pledge cards. Each case includes a discussion of the service area's sample county profile, a brief description of the college curriculum and enrollment, and commentary on the foundation based on information available. Case studies rely on actual demographics that define each college service area and on results taken from available primary source materials that elucidate foundation activity. As a result, statistical analysis compliments the qualitative evaluative process.

Three community colleges that are part of the VCCS explicate foundation circumstances on the community college side. The three Virginia Community College System (VCCS) community colleges that are part of this study are Dabney S. Lancaster Community College in Clifton Forge, Patrick Henry Community College in Martinsville, and Southwest Virginia Community College in Richland. All three have affiliated active foundations of approximately the same age, and have adequate documentation for analysis. Foundation records of all three highlight similarities for success, areas for improvement, and challenges for the future of all VCCS foundations.

Dabney S. Lancaster Community College (DLCC)

The Clifton-Forge-Covington Division of Virginia Polytechnic Institute and State University, founded in September 1964, changed its name to Dabney S. Lancaster Community College (DLCC) in 1967 in recognition of a prominent Virginia educator and long-time resident of the college's service area. Surrounded on three sides by the Jackson River, the college is advantageously situated on a 117-acre tract one mile west of downtown Clifton Forge, and services Alleghany, Bath, Botecourt, and Rockbridge counties, as well as the cities of Buena Vista, Clifton Forge, Covington and Lexington. According to the U.S. census figures (U.S. Census Bureau, 2000 [data file]) the college's service region population totals 77,838, representing an increase of 5.39% over the 1990 census figure of 73,856. In order to provide a representative profile of this area, this study concentrates on one of the four counties that the college serves as a sample of area demographics.

Alleghany County.

U.S. Census (U.S. Census Bureau, 2000 [data file]) information on Alleghany County is typical for the college service area, and its statistics are a gauge of the economic health of the area. Overall population for the county is 12,926. The census also indicates a total of 5,145 households with a median income at $38,545. From a philanthropic or giving perspective, the total number of reporting households with income over $100,000 is an important figure. These households number 254 or 6.5% of total households. Just as central, the number of reporting households that falls below the poverty level is 190 or 4.9%, which is significant from a community needs basis. Taken

together, those households at the high end of the income scale represent a revenue source for individual giving to support those at all levels, but especially those at the poverty level.

Education statistics for Alleghany County are telling. Elementary students in grades 1 through 8 number 1,305, representing 47.8% of the total number of students attending school; high school students in grades 9 through 12 number 618 or 22.6% of the overall total; and those enrolled in college or graduate school total 382 or 14% of the total. Included in the total number of student populations (100%) are Kindergarteners and pre-school students, who are not considered in this study. According to the census, even though most people in the area have a high school degree and do not go further in formal studies, the potential numbers of those attending college for various reasons likely will increase over the next ten years; and, an increase in enrollment likely will escalate to the greatest degree when the present elementary-age students reach college age. This future potential enrollment is significant when considered with the State of Virginia's emphasis on workforce development, a category that takes into account job training and retraining. To prepare for the potential increase in enrollment, the college needs to have a long-term strategic plan that covers five years or more in order to anticipate impending educational needs. Future funding for these needs, however, is unpredictable. In fact, adequate funding for the college needs is problematic when considering the recent decline in state funding in the State of Virginia.

Employment and occupational statistics enlarge the county's economic picture further. The census continued (U.S. Census Bureau, 2000 [data files]) by documenting

the total number of employable people 16 years of age and over at 10,322 (100%). Those actually in the labor force, however, number 5,894, or 57.1%, and those actively employed are 5,582 or 54.1% of the total. The result is 312 unemployed people or a 3% unemployment figure for the county (Virginia Employment Commission, 2002). Taking into account the national unemployment figure in July 2000 of 5.9% and the State of Virginia rate for June 2002 of 3.9%, Alleghany County's unemployment figure is within normal range in light of the broader state and national unemployment trends. The dominant census occupations listed in order of number employed are listed in the Allegheny County chart (Table 7) on Dominant Occupation and Percentage Employed (U.S. Census Bureau, 2000, DP4 Profile of Selected Economic Characteristics: 2000).

Table 7.

Alleghany County, Dominant Occupation and Percentage Employed

Occupation	# Employed	% Employed
Production, Transportation, Material Moving	1,586	28.4
Management, Professional & Related Occupations	1,306	23.4
Sales and Office Occupations	1,140	20.4
Construction, Extraction, Maintenance	751	13.5
Service Occupations	719	12.9

However, the occupation-employment list has more meaning when viewed in light of the top four industries and the percentages employed for the county (Table 8) (U.S. Census Bureau, 200, DP4, Profile of Selected Economic Characteristics: 2000).

Table 8.

Alleghany County, Top Industries and Percentage Employed

Industries	#Employed	% Employed
Manufacturing	1,786	32.0
Education, Health and Social Services	1,103	18.0
Retail Trade	584	10.5
Transportation, Warehousing & Utilities	473	8.5

Taken together, the figures in both tables demonstrate that (a) the manufacturing industry is the number one employer in the area, providing jobs for 32% of those in the labor force, and (b) the Production, Transportation and Material Moving occupation category employs 28.4% of those in the labor force. Overall, the employment rate of those working in Production, Transportation and Material Moving jobs is consistent with the dominant employer, manufacturing. In second place is the Education, Health and Social Services occupation category that employs 18% of the total number of those employed, with 23.4% of jobs held in Management, Professional, and Related Occupations. Both the industry categories and the job categories reveal consistent findings. These results can explain the general education needs for those in the area, and

mirror many of the programs offered at the local college, which are detailed in the section on college curriculum and enrollment that follows.

When extended to all counties in the college's service area, the population figures, income information, school populations, and the employment and occupational findings for Alleghany County paint a picture of a small, rural, industrially-driven area that relies on the local community college to provide relevant education programs for its inhabitants. By further extension, and in light of the occupational figures, the local community college offers its citizens programs for job training, retraining, certifications and/or courses in the industrial arts, followed by similar offerings that concentrate on the education, health and social services areas.

Dabney S. Lancaster Community College Curriculum and Enrollment

Dabney S. Lancaster Community College's (DLCC) enrollment numbers are a reliable indicator of community support and a sign of a robust college–community relationship. DLCC's online *Total Students Served Three-Year Summary* shows an 8% increase in total enrollment over a three-year period from 272,270 total students served in 1996-1997 to 294,257 total students served in 2000-2001 (DLCC Web Site). The "total students served" covers credit students, continuing education students enrolled for credit, continuing education students not enrolled for credit, and audit students (not enrolled for credit or continuing education units). The college is well established in years and image. Part of the success of the college–community relationship is evidenced by a curriculum that complements community employment needs as the college strives continuously to meet the educational requirements of local residents.

Programs, certificates and courses offered at DLCC replicate the surrounding community needs. For example, the DLCC home page (DLCC Web Site), Continuing Education and Workforce Services option is filled with pertinent information useful for those in the trades. Table 9 indicates DLCC's various certificate, diploma, and degree programs as they related to the census categories of Manufacturing and Education, Health and Social Services. The table includes the following groupings: Manufacturing Technology, Pulp and Paper Technology, Welding, Electronics, Air Conditioning & Refrigeration, Business and Industrial Communications, Clerical Support, Hospitality Management, and Office Management. Furthermore, the table puts forth DLCC figures as reported by the State College of Higher Education for Virginia (SCHEV) in its Curriculum Productivity Report dated August 2002. The table includes enrollment numbers of top clusters, the program heading, and number within the cluster over a five-year period. The information contained in Table 9, excerpted information regarding the highest enrollment per category, also provides data that supports the economic statistical results for industry and job occupation as reported in the U.S. Census 2000 data files.

Table 9.

Dabney S. Lancaster Community College, Enrollment by Category

Cluster by Certificate	Program	Enrollment/ 5 year period
Health Technology	Advanced Health	103
Health Technology	Practical Nursing	28
Engineering and Industrial Technology	Welding	28
Business Technology	Business & Office: Clerical	16
Cluster by Degree	**Program with Highest Enrollment within Cluster**	**Highest Enrollment/ 5 year period**
College Transfers	General Studies	203
Business	Management	74
Public Service	Administration of Justice	52
Agriculture and Natural Resources Technology	Forestry	51
Health Technology	Nursing	32
Cluster/Not Classified	**Program**	**Enrollment/ 5 year period**
Not Classified	Upgrading Employment Skills	822
Not Classified	Dual Credit	266
Not Classified	Personal Satisfaction	226
Not Classified	Develop Job Skills	97
Not Classified	Transient Student	67

Dabney S. Lancaster Community College Educational Foundation

Founded in 1980, the DLCC Educational Foundation, Inc. has served as the associated nonprofit philanthropic organization to its host institution (the community college). The foundation's mission, as documented on the college web site is to "promote the growth, progress, and general welfare of the College and the Virginia Community College System." The mission for one VCCS community college foundation is similar to all the colleges' missions. The web site states that the foundation accepts monetary gifts, manages these gifts in an investment bank, and uses the earned interest and dividends for scholarships. Since its inception, the foundation boasts of awarding

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over 250 scholarships for tuition or the purchase of books or essential educational materials.

Dabney S. Lancaster Community College has a Development Office that manages the foundation. The foundation mission, designed in part to encourage internal and external relationship building, is to promote an understanding of, and financial support for, the college. The college web site states that development includes managing the activities and programs in which the college is engaged and ensuring a positive image for the college by promoting goodwill between the college and community. The head of the Development Office is the DLCC Foundation Development Coordinator, a state hire; the coordinator, other staff member(s) and the college do not, at the time of this writing, belong to a professional philanthropic association.

The makeup of the foundation board is similar to that of most college governing boards. As stated in the DLCC Educational Foundation brochure, "*Today's Investment*," the president of the foundation board, a former board member, sits on a 23-member foundation board, and DLCC's president, by agreement, serves as board secretary. Members on the board include the following: Executive Director of the Alleghany Highlands Economic Development Authority, Executive Director of the Rockbridge Partnership, a Covington intermediate school guidance counselor, and the President of the Bacova Guild, LTD. Business, industry and community are well represented. Representative board members work to assure a continued partnership between their organizations and the college, and see the college foundation as the avenue for fund raising that can make a difference.

between their organizations and the college, and see the college foundation as the avenue for fund raising that can make a difference.

A Memorandum of Understanding (M.O.U.) between DLCC and DLCC Education Foundation, Inc. (*Memorandum of Understanding*, Dabney S. Lancaster Community College and Dabney S. Lancaster Community College Education Foundation, June 30, 2001) renewed annually, outlines the relationship between the two entities, sets legal boundaries, and comments on personnel and operating expenses. This M.O.U. states that the college will: "fund one and one half positions, coordinator (one half) and secretary (full time), and provide office space, computer information systems support, shared equipment such as copy machines, typewriters, telephones and files at no charge to the foundation" (p. 1). This statement is similar to statements found in all of the M.O.U.'s of participating community colleges in the VCCS system. Because the operating budget for the foundation is set annually, controlled by the state institutional governing board, and subject to institutional priorities, the foundation can experience planning problems related to personnel and operating expenses. In addition, the coordinator's allegiance is to the state because the coordinator and foundation have no national professional obligation. Professional development training is available through VCCS; however, that training does not include specific ethics training at this time.

The DLCC Education Foundation, Inc. reports its activity and status to the college each year with its *Statement of Activities*. On the income side, the statement notes contributions, investment returns, special events revenue, net assets, and total net assets as they relate to the categories of unrestricted, temporarily restricted, and permanently

$1,740,851 (Hardison, 2001, p. 3). Of that amount, $1,029,427 is permanently restricted, $409,746 is temporarily restricted and $301,678 is unrestricted, which means that only a small portion of the total portfolio is available for new unplanned programs or unforeseen events (DLCC Education Foundation, Annual Report, June 2001, p. 3).

The DLCC Public Relations Office takes care of publicizing events and activities for the foundation. College press releases (DLCC Public Information Office, 1999-2000) reflect the attention paid by the college in fostering community relationships and promoting foundation activities. All of the foundation-related press releases over a two-year period name donors, the amount pledged or given, and the use for which the donors intended their gift. Publicly thanking a donor, as the foundation does, is as important for the future health of the relationships as is asking for the gift. Scholarship donor information is documented in the *DLCC Educational Foundation Scholarship Opportunities* pamphlet, *Reaching New Horizons*. Press release text reflects the understanding of DLCC and the Development Office regarding the value of promoting foundation work, and of the importance of recognizing donors who support foundation efforts.

The foundation provides a brochure, *Tomorrow's Future: Ways to Give*, for donors outlining information about the types of gifts accepted, and the purpose of its fund raising activities. A brochure, *Today's Investment for Tomorrow's Future*, is available for distribution and covers the foundation's current campaign for development. The brochure guarantees prospective donors that their gifts will be used for the purpose for which they were intended. Other information takes account of the types of gifts accepted

such as cash, property, wills, life insurance, retirement savings, and deferred gifts such as trusts. The brochure uses care in advising a potential donor of tax advantage(s) and/or any limitations for individuals and corporations. A pledge card accompanying the brochure covers the gift's designation, methods of payment available, matching gift employee information, and a planned and deferred gift section. The pledge card and brochures are included in a mass mailing to donors, a traditional approach to prospective donors. The pledge card includes the foundation address and even a toll-free phone number for the donor's use; however, it is silent on the mention of an Internet site, an omission that can have future implications.

Another campaign pamphlet, *Named Gift Opportunities,* lists naming opportunities such as endowments, new buildings, and various halls and centers. The value of each gift is also included. For example, the monetary contribution to name the Center for Continuing Education and Workforce Services Building is $500,000. A donor with an interest in workforce development who wants a particular individual's name or a business/industry name associated with the center could consider this opportunity. A contact and phone number is noted on the brochure; however, as is the case with the other brochure, there is no mention of an Internet site as an opportunity for contact and information. Overall the pledge cards, reports and brochures offer what has become standard information to prospective donors.

As an active foundation, DLCC's foundation's success is measured in the use to which funds are put, or the documented accomplishments. The Dabney S. Lancaster Community College, Report to the Community, Fall 2000 lists these accomplishments.

As an active foundation, DLCC's foundation success is measured in the use to which funds are put, or the documented accomplishments. The Dabney S. Lancaster Community College, Report to the Community, Fall 2000 lists these accomplishments. Foundation achievements in one particular brochure names donors of Educational Foundation Scholarships and Medical Arts Scholarships. Foundation brochures also mention endowments for specific interest, and state-of-the-art equipment endowment (*Today's Investment* brochure). In addition, the college was named Industry of the Year in 1999 by the Alleghany Highlands Chamber of Commerce, an award that the college and the foundation share (Dabney S. Lancaster College, Report to the Community, 2000 The prestige of this award for the foundation lies in its fiscal contribution to the effectiveness of the college.

Southwest Virginia Community College (SVCC)

Founded in 1968, Southwest Virginia Community College (SVCC) spans 100 acres of hills and valleys at the base of the Clinch Mountains in the town of Richlands i southwestern Virginia. The college serves Tazewell, Russell, Buchanan, and parts of Dickenson Counties. The whole region is rich with early Native American Indian history, 19th century mill and railroad town history, the beauty of forests and streams, a the richness of natural resources, especially great coal deposits. The census (U.S. Cens Bureau, Census 2000) reports a four-county population of 117,900, and students attending SVCC are part of this population. This research considers just one of these counties to serve as a sample for regional demographic information.

Tazewell County.

Tazewell County functions as the model for area demographics. The U.S. Census Bureau (2000) information on Tazewell County typifies the college service area, and the county statistics are an indicator of the general economic health of the area. Total population for Tazewell County is 44,598. Of the 18,263 (100%) households in the county reporting, the median income is $27,304. When considering the giving or philanthropic capability in this area, 759 or 4.2% of households with an income over $100,000 is noteworthy. Households reporting that list below the poverty level number 1,557 or 11.7% of the total number. This indicates that a higher percentage of people are at the poverty level in relation to those in the higher income level. The usual expectation, considering these figures, is that the wealthier in the community generously contribute to the welfare of the needy. The imbalance between the wealthy and poor points out that the wealthy may be called on to redouble their generosity of the past in support of their community.

Education statistics (U.S. Department of Commerce, Census 2000 [data file]) reveal a county total of 8,701 students in school ranging from grade one through graduate school. This number does not reflect those students in Kindergarten and preschool, who are another part of the total students reported (100%). As reported, the number of students in elementary school grades 1 through 8 total 4,362 (44.9); high school students in grades 9 to 12 number 2,385 (24.6%); and college and graduate school student figures come to 1,954 (20.1%). Most in the local county have a high school degree and do not seek formal college studies; yet, the number of those who will reach college age over the

next ten-year period has the potential to increase the enrollment in the community college. The college can prepare itself to respond with certificate and degree programs that target job training, job retraining, and industrial and service-related programs.

The Tazewell County economic portrait is broadened when the employment status is added to household and education statistics. The number of people 16 years of age and over who are employable is 36,235 (100%). At the time of the census, those listed as employed number 19,346 (53.4%), and those actually working in the labor force total 17,593 (48.6%). The number of unemployed for July 2002 is 1,753 (4.80%) (Virginia Employment Commission Web Site). When compared with a national mid-year unemployment rate of 5.9% and a state mid-year rate of 3.9%, Tazewell County falls between the two, just a little higher than the state rate but lower than the national rate. Table 10 contains information excerpted from the census (U.S. Census Bureau, 2000, DP4 Profile of Selected Economic Characteristics) on Tazewell County and shows the number of workers employed and their occupations.

Table 10.

Tazewell County, Dominant Occupation and Percentage Employed

Occupation	# Employed	% Employed
Sales and Office Occupations	4,506	25.6
Management, Professional & Related Occupations	4,478	25.5
Production, Transportation, Material Moving	3,107	17.7
Construction, Extraction, Maintenance	2,722	15.5
Service Occupations	2,653	15.0

The Top Industries and Percentage Employed chart for Tazewell County (Table 11) allows for a comparison of dominant occupations and major industries, and further illuminates the economic profile. Information in Table 11 was derived from the U.S. Census Bureau, 2000, DP4 Profile of Selected Economic Characteristics.

Table 11.

Tazewell County,Top Industries and Percentage Employed

Industries	# Employed	% Employed
Education, Health and Social Services	3,832	21.8
Retail Trade	2,931	16.7
Manufacturing	2,013	11.6
Agriculture, Forestry, Hunting & Mining	1,191	6.8

Statistics presented for occupations and industries, when viewed as a whole, show that the Education, Health and Social Services Industry (Table 11) provides jobs for 21.80% of those in the labor force; Professional, Management and Related Occupations (25.5%), as a category is second behind Sales and Office Occupations (25.6%) (Table 10). Education, Health and Social Service could absorb jobs in both the Professional, Management and Related Occupations category as well as those in the Sales and Office category. Together these job classifications represent 51.1% of the total number of those employed. When comparing the industry listing and job category tables, the local community college programs can emphasize these needs. When the job and industry information is expanded to all counties in the service area (population figures, income

information, school populations, employment, and occupational sketch for Tazewell County), the picture of a small, rural, service-providing area that includes education, health, social services, and retail trade emerges. Available services in this area include health, social, business, auto repair, and personal. SVCC represents the most practical and affordable educational opportunity in this region that stands ready to respond to the educational needs of these service areas. A look at the SVCC enrollment figures and curriculum statistics over a five-year period supports this assertion.

Southwest Virginia Community College Curriculum and Enrollment

The student–college relationship between Southwest Virginia Community College (SVCC) and the people of the surrounding region is healthy. A healthy relationship is evident not only in SVCC's robust enrollment numbers but also in local college and foundation board membership. The SVCC's student headcount for the academic year 2000-2001 is 7,493, a slight decrease of -3.2% over a count of 7,743 in 1999-2000 (VCCS Web Site). The college, however, continues to provide in-demand programs and courses for job training and retraining and, as a result, can recapture enrollments through these types of programs. These particular statistics for job training and retraining fall under continuing education, non-credit courses or non-classified programs. As job-related programs expand and the college continues providing educational essentials, the college looks to its associated nonprofit foundation as a way to finance these programs, courses, and other needs in the long term.

SVCC's programs, certificates, diplomas, and course offerings mirror community requirements. The information on student enrollment and curricular structure for

Tazewell County in Table 12 contains SVCC numbers taken from a report by the State College of Higher Education for Virginia (SCHEV) in its 2001 Curriculum Productivity Report (SCHEV Web Site). The numbers reflect the greatest enrollment over a 5 year period and are listed by cluster and program.

Table 12.

Southwest Virginia Community College, Enrollment by Category

Cluster by Certificate	Program	Enrollment/ 5 year period
Public Service Technology	Human Services/Career Studies	627
Engineering & Industrial Technology	Welding	73
Business Technology	Business & Office: Clerical	62
Health Technology	Respiration Therapy	55
Arts & Design Technology	Arts & Crafts	45
Cluster by Degree	**Program with Highest Enrollment within Cluster**	**Enrollment/ 5 year period**
College Transfers	General Studies	750
Health Technology	Nursing	242
Public Service Technology	Human Service	228
Engineering & Industrial Technology	Electrical Engineer Technician	88
Business	Management	62
Cluster/Not Classified	**Program**	**Enrollment/ 5 year period**
Not Classified	Upgrading Employment	1122
Not Classified	Joint Enrollment	447
Not Classified	Personal Satisfaction	310
Not Classified	Transient Student	131
Not Classified	Dual Credit	111

The enrollment chart shows how certificate programs correlate to the Education, Health, and Social Service census categories. Furthermore the numbers in this category are evidence that the college takes into account local employment opportunities such as

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management and professional jobs and in health and public services when developing programs and courses.

Most certificates issued are in the Public Service Technology Cluster, with 627 certificates given in the Human Services and Career Studies Program issued over a five-year period. The greatest number under the degree section is in the College Transfers Cluster, with most of the enrollment in general studies program, or 750 over a five-year period. The second and third highest degree categories are in Health and Public Service Technology. SVCC's certificate and diploma statistics issued over the past five years complement the types of job categories and the main industries as reported by the U.S. Census Bureau, Census 2000.

The Not Classified cluster and program reportage for the five-year enrollment tells another story. Of the 2,121 (100%) in the Not Classified enrollment category, 1,122 (52.89%) of the students attending are upgrading their employment. The high enrollment in the Job Upgrading category can reflect a citizen demand for more education in light of a weakening of one or more segments in the economy. Students in this group are usually the non-traditional, returning student looking to upgrade skills and/or advance personal economic circumstances. High Student Enrollment (Table 12, Dual Credit) in this category, regardless of the reason for enrollment, is an indication that these students see the community college as the place to pursue their educational needs. Design and implementation of new industrial programs mean that the college recognizes business and industry needs for trained personnel.

The Dual Enrollment figure (Table 12, Dual Credit) signals the community college's attempt to net potential students for the future, and the high school's ability to encourage some students to take advantage of this learning opportunity. Dual Enrollment over a five-year period is at 111. Student enrollment in this program demonstrates that some high school students take advantage of the courses that apply to high school and college alike. Although high enough to be included in the top five of the Not Classified cluster, the Dual Enrollment (Table 12, Dual Credit) numbers can be higher considering that the census shows there are 2,385 students in grades 9 through 12 in Tazewell County alone (U.S Census Bureau, Census 2000 [data file]). The Dual Enrollment category results, however, present an opportunity for the college to continue expanding its dual enrollment numbers. The Dual Enrollment opportunity is one way to entice high school students to continue their education in college.

Southwest Virginia Community College Educational Foundation

A community college education foundation has a critical role to play in the life of the college, and SVCC's foundation is no exception. College courses and programs rely on continued funding through local, state and federal government sources; yet the trend is a decline in government support, especially at the state level in Virginia. Grant funding for scholarships is the customary way to supplement funding shortfalls, and annual fund raising campaigns are a traditional way to raise money to support the college's needs. The SVCC foundation engages in these activities and has a good track record for raising funds that target institutional priorities.

Following an agreement with VCCS and its various colleges that stated the colleges could set up their own foundations, Southwest Virginia Community College Educational Foundation incorporated in 1981. The foundation board has 11 members, all of whom are representatives from the community. The college president functions as the foundation secretary. The person who directs or manages the foundation is an assistant to the president. A Memorandum of Understanding (M.O.U.) governs the college–foundation association relationship. It articulates the nature of the relationship and also states the circumstances of shared personnel and operating expenses. As with the first case presented, SVCC foundation personnel are state hires, and the college agrees to pay for designated office space and enumerated supplies that include a copy machine. Each campaign's additional administrative expenses are part of the campaign's proceeds.

Although the foundation does not print a separate annual report, it annually publishes a *Year in Review* that serves the same purpose. The *Year-in-Review, 7/1/98 - 6/30/99* (SVCC Foundation, 1999) is an example of its efforts to make all foundation activities available to the public. The pamphlet states donors by dollar category. Based on the amount donated, the donor belongs to a particular club: Loyalty Club, Executive Club, President's Club, Friend's Club, Foundation Club and College Club. The reverse side of the pamphlet contains a note from the college and the foundation administrators, includes the number of scholarships awarded, and provides a commentary on the swelling in the numbers of major and planned gifts. Another point of interest for the year includes mention of the economic inducement of SVCC on the service region in the amount of 51 million dollars. Yet another item states the foundation received a very large upfront gift

given to kick off an endowment campaign. Finally, the brochure mentions an innovative agreement with the Virginia Army National Guard. The National Guard opened an armory on the SVCC campus for both the Guard and the college to use.

The foundation also prints a financial report in the local area newspaper annually (B. Buskill, personal communication, August 2001). Fiscal information is available in a pamphlet entitled *Fiscal Year Review* (Southwest Virginia Community College Foundation, Inc., *Fiscal Year Review* [annual publication]). This pamphlet serves more than one purpose: it contains projected college undertakings and lists financial needs. For example, the 2001 brochure states that the college needs a Horticulture Program and Greenhouse. Another section lists enumerated items that count for success, such as: Held the first annual Technology Exposition, and the Use of Tobacco Indemnification funds to assist individuals in training/retraining. This pamphlet also provides a history of the foundation's accomplishments and mentions that 2,674 scholarships have been awarded to the needy since 1981, and notes the establishment of an endowed Chair of Music. The *Fiscal Year Review* is primarily a marketing instrument that focuses on the donors. The accomplishments of this foundation are a measure its success, and this foundation makes it a point to articulate all of its successes to its public. Absent on the brochure for the years 1999-2000 and 2000-2001, however, is any mention of the Internet address as a way to access more information about the foundation. This can be a missed opportunity to solicit donors.

Most of the marketing for the SVCC foundation is done through the college; however, the foundation puts together certain of its own pamphlets and manages their

distribution. Generated printed materials are foundation-specific, and others are put together by the alumni coordinator and the foundation executive director and amount to a solicitation of alumni. The pamphlet *Giving Before December 31: How You Can Help Yourself While Helping Others* is invaluable because it advises the donor of the many ways to contribute to the foundation on behalf of the college. Some examples of ways to give include: life insurance policies, life estate documents, gifts of appreciated stock, retirement plan gifts, bequests, charitable gift annuities and charitable trust. The examples provided showing tax savings are very useful to the donor as he ponders the nature of his gift. This pamphlet illustrates the extent to which the foundation is trying to educate potential donors, and unlike some of the other foundation pamphlets, contains e-mail addresses for future contact. A foundation-specific web address is a better tool for providing information at the donor's convenience; however, a web site is only as good as its content.

A foundation pledge card that is part of a brochure, the *Excellence for the 21st Century's* campaign, is an example of a traditional pledge card. This card provides the opportunity for the donor to indicate his interest; yet once again absent is mention of any web site or e-mail address as a way to get further information on the campaign. A review of many pamphlets available to the public and the nature of the information they contain reveals willingness on the part of the foundation to solicit and inform current and potential donors, but also points to the need to consider state-of-the art options available online, as well as other options, for the future.

The SVCC foundation web site is reached through the SVCC Web Site and is not unlike some other college foundation sites: a work in progress that promises to be informative in the near future. The only route to anything associated with a foundation on the SVCC Web Site is on the SVCC home page, specifically a link entitled "donors." The intent of the page, based on the site text provided, is to have information available "to you as a donor to your alma mater, such as tax benefits and ongoing initiatives for growth at Southwest Virginia Community College" (SVCC Web Site). An education foundation tag does not appear on the SVCC home page. Under the home page is a link for "alumni" that contains information on scholarships given by the foundation. Traditionally, the foundation appeal for dollars is to alumni; however, to make substantial change to an institution, the appeal needs to expand to all members of the community over and above alumni, an appeal that is missing from the way the web site is structured.

The Council for the Advancement and Support of Education (CASE Web Site) and the Association of Fundraising Professionals (AFP Web Site), and the American Association of Fundraising Council (AAFRC Web Site) recommend foundation-related documents for use as a method of protection and for clarity. The types of documents these national organizations recommend include: Donor Bill of Rights; a Policy Statement for Planned Giving; and a Conflict of Interest Statement (AAFRC Web Site, Wise, 1985, p. 4). SVCC's foundation does not use these documents at this time, nor does the foundation provide ethics training or professional development training in philanthropy, separate from that which VCCS offers, for its personnel. National philanthropic associations such as CASE urge that foundations and their personnel join a

national educational philanthropic organization; however, neither the SVCC foundation nor its personnel belong to such a professional organization. Furthermore, to increase the credibility of an educational foundation, foundations should include documents like a Donor Bill of Rights and the others noted as part of their solicitation package, just as their private nonprofit counterparts do. The public, in light of recent national events over questionable private nonprofit practices, demands transparency in the areas of accountability, reporting, and ethical practices. Any community education foundation can include these forms, a practice that will enhance foundation image and appeal to prospective donors.

SVCC's foundation does not have a formal planning document. Planning is accomplished when the directors meet. The *SVCC Master Plan* (Office of Planning and Development, 1999) lists SVCC strengths, among them a dedicated faculty, a committed president and other leaders, and a bond of cooperation across the community. Challenges for the college include maintaining academic quality, addressing budget cuts with tuition caps that will continue, and recognizing the need for faculty and staff to continue developing teaching skills to work effectively in the future. As to the future, the college asserts it will continue to fund education projects through the consumer; however, by this they mean vouchers or the like. In addition, the plan acknowledges the need for retraining and career change programs, and stresses the value of business and labor partnerships. The *Master Plan*, which spans 2 to 5 years, is thorough from a college planning perspective; yet it does not comment on how the institution intends to raise additional funds for the future beyond 5 years. The *Master Plan* does not refer to the

associated education foundation, its role, and potential. Proponents of nonprofit education foundations state that foundations, their mission and operations, should be tied to institutional goals, and should have their own long-range strategic plan that goes beyond the standard 2 to 5 year institutional plan. In addition, any opportunity to tout the college–foundation relationship and advertise foundation plans should be exploited, especially because the foundation does not have its own plan. Overall SVCC's foundation functions adequately without these strategies in place.

One of the SVCC's greatest accomplishments is their campaign for a new community center built in 1997. A brochure, *From Vision to Reality-A Dream Come True*, (SVCC, The SVCC Community Center, 1997) is a commentary on what an education foundation can accomplish. The brochure provides a brief history of the college on the last page, but is silent on foundation information within the pamphlet and does not provide an opportunity for a potential donor to contact the foundation. The brochure is published by the college, just as is the *Master Plan*. More college–foundation connections can easily be made in all of their printing opportunities. Because the foundation exists for the benefit of the college, the college stands to gain financially from the efforts of the foundation. Mention of both the college and foundation at every opportunity can assure that the relationship is symbiotic, and, at that same time, serve a dual marketing approach for both at each occasion.

The 2001 ending net assets for SVCC's foundation reported to the VCCS is $4,954,235 (Hardison, 2001, p. 3). The SVCC *Fiscal Year Review, July 1, 2001 – June 30, 2002* brochure did not indicate a breakout of restricted, unrestricted, or temporarily

restricted funds, so no further comment can be made about the actual amount of funds available for new unplanned programs or unforeseen events.

As community and business/industry demands for innovative programs persist, the college necessarily looks to its foundation to boost revenue further. The more the foundation is asked to do, however, the more the foundation must consider long-term planning, develop an independent operating budget, hire its own personnel, provide personnel with adequate training in professionalism and ethics, and develop a state-of-the-art web site to keep pace with the Internet sites of other nonprofits. In addition, the foundation can consider non-traditional ways to raise revenue, ways that will transform the concept of fund raising, and that will make ready the college for the 21st century.

Patrick Henry Community College (PHCC)

Founded in 1962 as a two-year branch of the University of Virginia's School of General Studies, Patrick Henry Community College (PHCC) developed into an independent two-year school a few years later, and finally in 1971 became part of the VCCS system. PHCC serves part of the Southern Piedmont region that includes Henry County, the City of Martinsville, Patrick County, and the southern portion of Franklin County, all located in southern Virginia just above the North Carolina border. The history of the college's service area is tied directly to American patriot Patrick Henry, the first governor of Virginia, in 1776, who lived in part of what makes up Henry County. Today many descendents of 18th century slavery live in this area. During the 1800s and early 1900s the tobacco industry dominated the economy, while local railroads accounted for the further advancement of the area. As the tobacco industry took a less prominent

role in the region over time, new industries such as the lumber, textile and apparel businesses entered the area (Martinsville Chamber of Commerce Web Site). Excluding those portions of Franklin County that are part of the college service area, the total population of the service area is 92,753 (Virginia Employment Commission Web Site) To develop a demographic profile more meaningful and consistent with the other case studies, one county will be the example.

Henry County

Henry County, based on the U.S. Census 2000 information, is typical for PHCC's service area, and its statistics are a measure of the economic vigor of the area. Considering an overall service population of just more than 93,000, Henry County's population of 57,930 represents the majority. The census figures for Henry County (U.S. Department of Census, 2000 [data file]) registers a total of 23,946 households, of which the median household income is $31,816. Households reporting an income over $100,000 total 1,462 (4.4%), while households below the poverty level list at 1,502 (8.8%). The ratio of wealthy households to poor households is two to one, with those in the wealthier category normally bearing the responsibility for support of the needy.

A look at the education statistics (U.S. Census Bureau, Census 2000 [data file]) extends the county profile. The number of students attending school is 11,481, of which 6,148 (47.4%) are in elementary school grades 1 through 8; 3,133 (24.1%) in high school grades 9 through 12; and 2,200 (16.9%) in college and graduate school. Not considered in this study are the figures for those students in Kindergarten or preschool, which round out the total to 100%. The census testifies that most students in the county graduate from

high school. The total of all students in elementary and high school at the time of Census 2000 suggests that within a 10-year period the numbers of high school students, and therefore potential college students, will increase. With Virginia's emphasis on Workforce Development, an increase in demand for job training and re-training is likely to occur.

To round out the Henry County portrait of population and education, the employment and occupational statistics add a complementary dimension. Laborers available to work in the county aged 16 years of age and over number 46,420 (100%), while those actually in the labor force total 28,404 (61.2%). Of the number in the labor force, 26,838 (57.8%) are employed and 1,526 (3.3%) are unemployed. With a national unemployment rate of 5.9% in July 2000 and a state unemployment rate of 3.9% in June 2002 (Virginia Employment Commission, 2002), Henry County's unemployment statistics are lower than both the state and national averages, which indicates a reasonably healthy economic climate.

A comparison of dominant occupations and major industries heightens the profile of population and their employment patterns in Henry County (see Tables 13 and 14). Tables 13 and 14 contain occupational and industrial information excerpted from the US Census Bureau, 2000, DP4 Profile of Selected Economic Characteristics.

Table 13.

Henry County, Dominant Occupation and Percentage Employed

Occupation	# Employed	% Employed
Production, Transportation, Material Moving	9,271	34.5
Sales and Office Occupations	6,373	23.7
Management, Professional & Related Occupations	5,084	18.9
Service Occupations	3,096	11.5
Construction, Extraction, Maintenance	2,881	10.7

Table 14.

Henry County: Top Industries and Percentage Employed

Industries	# Employed	% Employed
Manufacturing	10,945	40.8
Education, Health and Social Services	3,846	14.3
Retain Trade	3,042	11.3
Construction	1,698	6.3

The information provided in Tables 13 and 14 shows that the dominant industry in this area is Manufacturing, employing 10,945 or 40.8% of the workforce. Production, Transportation, and Material Moving is the main occupation category, numbering 9,271 or 34.5% of the workforce. Category results are consistent with the major job needs of the manufacturing industry. Both the occupation and the industry numbers exceed those totals in other categories, making Henry County predominantly a manufacturing county. The count for Education, Health and Social Services and for Retail Trade occupation

categories is predictable when considering the services required by a population of 57,930, and in light of the numbers employed in the manufacturing sector. The last of the top five industries is Construction; however, this occupation employs only 1,698 or 6.3% of the labor force, and that number may suggest a slow or, at the least, a moderate construction employment rate. A 6.3% construction rate could reflect either a stable population in the area or a somewhat fluid housing market with just a moderate amount of building taking place and a community capable of sustaining the present population's construction needs.

Overall, the economic sketch of Henry County exhibits a large elementary and high school population that will enter the workforce within ten years. These students will require job skills especially in manufacturing, but also in education, health and other social services. Even though most students terminate their education with a high school degree, they will need job skills or special training programs if they intend on entering the workforce. Students who enroll in college may gravitate toward certificates that require less time than a degree; some may pursue the degree, and some who want to move up in their employment positions may seek retraining. In most circumstances, PHCC can provide those certificates, degrees and programs to meet community needs.

Patrick Henry Community College Curriculum and Enrollment

A look at enrollment numbers and present course and degree offerings provides a glimpse into PHCC's ability to understand local employment needs. PHCC's headcount for 2000-2001 is 6,600, a slight decrease of -3.3% over the 1999-2000 headcount of 6,827. Considering the high school education statistics reported for this county in the

census, an increase in enrollment can be expected in the near future. Additionally, PHCC's administration can take these figures as an indicator to pursue adding even more job-related courses and programs into their curriculum. The local community strongly supports PHCC through monetary contributions and volunteerism. Support of this kind is the gauge of a solid PHCC reputation within the community, and echoes a healthy relationship between the college and its affiliated foundation.

The Enrollment by Category (Table 15) contains information taken from the VCCS Curriculum Productivity Report of August 2002 and lists PHCC student enrollment by approved college curricular structure as reported by VCCS (SCHEV Web Site). Over a five-year period, the number one certificate pursued by 206 PHCC students is in the Public Health Technology Cluster, Career Studies Program (Table 15). The second most pursued certificate within the same cluster is the Early Childhood Development Assistant Certificate and numbers 79 (Table 15). The dominant enrollment revealed in the College Transfers Cluster is 201 in the General Studies Program, and dominant enrollment in the Health Technology Cluster is 79 in the Practical Nursing Program (Table 15). Just as important, but maybe more significant, is the Not Classified Cluster's program ranking. Upgrading of Employment Skills dominates the program list at 1,015 followed by Dual Credit at 517 and Personal Satisfaction at 337 (Table 15). These numbers serve as a commentary on why students attend community college.

Table 15.

Patrick Henry Community College, Enrollment by Category

Cluster by Certificate	Program with Highest Enrollment within Cluster	Highest Enrollment/ 5 year period
Public Service Technology	Career Studies	286
Public Service Technology	Early Childhood Development Assistant	79
Business Management	Clerical Studies	36
Engineering & Industrial Technology	Welding	28
Engineering & Industrial Technology	A/C Refrigeration	25
Cluster by Degree	**Program with Highest Enrollment within Cluster**	**Highest Enrollment/ 5 year period**
College Transfers	General Studies	501
Health Technology	Nursing	220
Business Management	Computer Information Systems	185
Business	Management	104
Public Service	Administration of Justice	103
Cluster/Not Classified	**Program with Highest Enrollment within Cluster**	**Highest Enrollment/ 5 year period**
Not Classified	Upgrading Employment	1015
Not Classified	Dual Credit	517
Not Classified	Personal Satisfaction	337
Not Classified	Transient Student	145
Not Classified	Develop Job Skills	94

The dominant student enrollment number in all three categories in Table 15 is in the Not Classified Cluster, Upgrading Employment Category. This is noteworthy when considering the manufacturing sector is the largest employer, and Production, Transportation and Material Moving is the main occupation and often associated with manufacturing. Because the number is so high in the Upgrading Employment Category, the report would be more useful if it included a breakout of which types of job upgrading skill programs are taking place. Without knowing the distribution in this category, research suggests that the PHCC curriculum appears in tune with the needs of the local

manufacturing community. Another unknown is the level of skill demanded by local manufacturing companies for certain jobs. Assuming that positions in the manufacturing sector require some level of job skill, the opportunity exists within the certificate cluster for PHCC to develop even more certificates related to manufacturing needs.

Education, Health and Social Services is the second largest employment industry in the area; yet figures show that related occupations are not within the top 5 categories of occupations reported by the U.S. Census 2000. Results in the Public Service Certificate Cluster (Career Studies and Early Childhood Development Programs), and the Health Technology Degree Cluster (Nursing Program) propose that PHCC offers a compatible curriculum that can adequately support Education, Health, and Social Services' needs. The findings of the Not Classified Cluster (Upgrading of Employment Skills) could mean that upgrading of job skills is connected to the manufacturing sector, or that some students are upgrading their skills in the categories of Education, Health or Social Services.

Taking into consideration declining state funds appropriated for education in the State of Virginia, PHCC should have a revenue source that falls outside of state control if it plans to continue to provide innovative programs and courses to meet the future needs of the community. PHCC can look to its associated education foundation as an opportunity to address the long-term financial needs of the institution.

Patrick Henry Community College Educational Foundation.

Incorporated as the Patrick Henry Community College Educational Foundation, Inc. in 1981, the foundation changed its name soon thereafter to Patrick Henry

Community College Foundation, and today operates to assist the college in meeting its institutional priorities now and for the near future.

Essential foundation personnel include a director, staff assistant(s), and board members, all of whom work together to assure that the foundation lives up to its mission to support institutional priorities. The foundation board is made up of 33 members that include the college president and volunteers from the community at large. The college president has a critical role to play on the board, but carries no official title. As with the other cases, PHCC and its foundation rely on an annually executed Memorandum of Understanding (M.O.U.) that documents the purpose of the association as well as stipulates the fiscal relationship. The foundation agrees to serve and contribute to the college. The college, in turn, consents to fund two positions, Vice President (VP) for Institutional Advancement (IA) and an Administrative Staff Assistant, and provide general office services, equipment, and various office supplies at no charge to the foundation (M.O.U.).

The PHCC job description for the foundation director is embedded in another job description, that of the Vice President for Institutional Advancement, and also known as the Executive Assistant to the President. The person in this position also functions as the Chief Development Officer (CDO) of the PHCC foundation and plays a pivotal role in the management of foundation activities.

According to the job description, the Executive Assistant to the President for Institutional Advancement spends 60% of job time in this position as the CDO, 20% as director and supervisor of the public information office activities, 10% in coordinating

alumni affairs, 5% as member of the President's Staff, and 5% in department administration. Because all areas under this position are interrelated, the multiple titles or rules and duties of this position could be problematic if conflicting circumstances over the operation of the college and the foundation are at variance with one another. A potential for interdepartmental conflict is inherent in a multiple-role position. Additionally, the state control of college hires, and by extension, foundation hires, could alter future foundation plans if the elimination of either of these hires occurs due to lack of state funding. Any further change in state education allocations could influence the particulars of a future M.O.U. as it addresses the foundation's staffing and operational budget for the future. Without a doubt, the foundation represents the only source of non-traditional revenue opportunities for the college. The foundation needs assurance of stable personnel and its own operating budget. In addition, a foundation's independence from state involvement needs to be protected.

Professional development is essential for all staff members to stay apprised of new ideas and practices within their respective fields. The VCCS offers professional development opportunities for its employees, and all are encouraged to participate. Foundation employees who take advantage of workshops and seminars like this become an asset. A professionally trained staff adds credence to the foundation's activities and enhances its image.

As a sign of its recognition of the importance of professional development, one PHCC institutional advancement document introduces foundation personnel and provides a synopsis of each employee's professional background (PHCC, Institutional

Advancement Annual Report, 2000-2001, p. 8). PHCC foundation staff not only takes advantage of professional development training offered by PHCC and VCCS, but also are members of the Council for the Advancement and Support of Education (CASE) and the Council for Resource Development (CRD). The development officer is actively involved with CASE commissions and periodically attends conferences sponsored by CASE. CASE recommends that all community college foundation directors consider membership in a national professional philanthropic organization geared toward education because these organizations provide useful standards and guidelines for a foundation. Both the director and staff assistant belong to the Virginia Organization for Resource Development (VORD) and the Virginia Community College Association (VCCA) as well. Active association with these types of organizations promotes professional development and provides opportunities for members to stay current within the profession of national nonprofit philanthropy.

In addition to the role as Executive Assistant to the President for Institutional Advancement and as foundation Chief Development Officer (CDO), the person filling this position also serves as a member of the local Chamber of Commerce. Chamber board membership strategically positions this person to foster the college–community relationship. As a chamber board member, the CDO can acquaint the chamber board with college needs, gather information to assure that the college understands community issues and needs, and acquaint the foundation board with the current circumstances of both. One advantage of acting in the dual capacity of institutional advancement and foundation director is that the person in this position has insight into college priorities and

foundation activities, and can speak to and influence both. And, if the CDO sits on the local chamber board, influence can extend to the community.

A primary function of the CDO is to implement strategies for raising revenue based on institutional needs. The PHCC foundation's solicitation approach includes mass mailings, in-person contact, phone contact, and use of the Internet. Of the foundation brochures and pledge cards reviewed, all have a theme associated with Patrick Henry, the historical figure. The *Patrick Henry Scholars* pamphlet explains what a scholar is, relates the application process to get tuition relief, enumerates the criteria for filing, notes the foundation address, and includes a brief history about Patrick Henry the historical figure. The value of this brochure to a donor is the inclusion of a few paragraphs about the history of the foundation. In another of the brochure's panels is a short paragraph on the history of the college. The only piece of information not on the pamphlet is an e-mail or web address.

The *Patrick Henry Society* pamphlet is another foundation solicitation tool that presents a short summary of the types of planned gifts that the foundation accepts, the tax advantage associated with each type, and a way to contact the foundation by mail or phone. Planned giving information includes mention of charitable remainder trusts, gift annuities, pooled income funds, life insurance, real estate and wills. The last panel on the reverse side concludes the pamphlet's message with an explanation of the Patrick Henry Society and a brief commentary on the foundation. Together, the *Patrick Henry Scholars* and the *Patrick Henry Society* pamphlets solidify the foundation's history as part of the message, and take the opportunity to state the foundation's purpose.

The pledge card and pamphlet *Investment in the New Millennium: A Patrick Henry Endowment* (2000) not only stays on target with the theme of Patrick Henry and the American Revolution, but also provides named giving opportunities, the Muster Roll, a section to fill out to make a pledge, and directions on the back that explain how to make a donation. The Muster Roll section advances the theme further. Names, such as Firebrands, Patriots, Loyalists, Continentals, Revolutionaries, Liberty Brigade, and Sovereigns appear for all categories of giving ranging from $50,000 to $100. The repetition of a theme on pamphlets and pledge cards is a marketing technique known as branding, and is very useful in ingraining a message to an audience.

One of the most advanced strategies for solicitation is the use of a web site to provide data to prospective donors. The PHCC foundation, like those of many other community colleges, makes use of the college web site to provide foundation information to the public. However, unlike many community college sites, once you arrive at the PHCC foundation web site it is rich with information and competitive with some of the best foundation sites. The areas that need attention can easily be changed. For example, the word "foundation" does not appear on PHCC's home page as an option for selection. At this point someone familiar with the advantage of using a search option within the site can go directly to a general search option on the home page, key in "foundation," and arrive at the foundation site this way. A more curious and Internet-savvy person could select the "visitor" option on the front page; the foundation option is five tags down. Use of the word "visitor" as a home page option can mean different things to different people.

In this case it means site visitor, however a potential donor may not make that connection and instead be looking for a "donor" option.

Once the foundation site is reached however, the site visitor has access to a lot of valuable information about the foundation (DLCC Web Site). In fact, as of September 2002, PHCC's foundation site has a pledge card that can be downloaded, filled out and mailed in—an innovative opportunity when compared to many other community college foundation sites. The foundation is looking into the development of an online donor opportunity as a future option (A. Smith, personal communication, summer 2002).

Generally, PHCC's site is easier to get to and around than most; however, the absence of the foundation option on the college home page raises some questions. Should community college foundations have their own web sites, over and above the college site option? A foundation web site can easily link back to the college. Many would consider a separate foundation web site a good marketing tool for advertising and accessing the foundation, and as a connection to the college. Should all community college home pages have a home page option directly to a "foundation"? If the personal site web address is not an option for foundations, then a college home page option with an immediate connection to "foundation" seems to be the next best thing. Because of the thoroughness of their section within the PHCC site at this writing, the foundation is in a good position to consider these very questions in their preparation to meet their future technology goals of online solicitation.

Strategic planning for PHCC's foundation is done through the college, and the plan is the typical short-term plan that covers 1 to 5 years. The foundation CDO notes

that the college is working on a long-term plan (K. Holt-Smith, personal communication, August, 2002). This means that the president and CDO recognize the need to think in terms of long-range planning, especially as planning relates to new and innovative programs and ways to fund them. The foundation has a list of goals and objectives on paper that it intends to pursue, but they are general in nature and not specifically tied to a long-term institutional need. If a foundation was less dependent for its operating funds on the institution, and if it had its own strategic long-term plan that is connected to, but separate from, that of the college, then the foundation is free to think further ahead about the college's needs than the college can.

The foundation uses funds it raises for new facilities, programs, scholarships, and the purchase of equipment that falls within the institutional master plan. The foundation considers each campaign waged in the past to be a success. In the PHCC Foundation Annual Report, 2000-2001, *We're in the Futures Business*, the foundation reports its activities for the year. In addition to funds raised through local campaigns, the report states that Virginia Tobacco Commission awarded the foundation a windfall monetary settlement of $850,000 for college initiatives designed to help revitalize the region (PHCC Foundation Annual Report, 2002, p. 2). PHCC Foundation Annual Report states that the foundation provides over $260,000 to the college to use for institutional needs that have no state and local backing (PHCC Annual Foundation Report, 2002, p. 2) The ending net assets reported to VCCS for June 30, 2001 are $8,025,559 (Hardison, 2001, p. 3). Based on its performance, the Patrick Henry Community College Foundation

received CASE's Circle of Excellence award (K. Holt-Smith, personal communication, August 2002). The award further boosts the image of the college and the foundation within the community, and is another measure of success.

Overall, PHCC's education foundation's success is measured by its accomplishments and supported by the CASE Circle of Excellence Award. More relevant than a market or net asset value of the foundation is what the foundation has achieved with the funds it raised. PHCC's foundation documents its achievements in a brochure, *Continue the Revolution: Invest in the New Millennium*. Counted among its achievements are: new faculty positions; new programs and services; professional development; instructional equipment; recruitment, marketing and scholarships; facility enhancement; and cultural programs and special events. According to the brochure, the foundation has contributed substantial funds for the Walker Fine Arts/Student Center and for the Frith Economic Development Center, which the brochure claims are the only such community college facilities in Virginia funded solely through local private donations. Success as measured by achievement makes PHCC's foundation a success.

The preceding case studies of three similar VCCS community colleges, all located in the same region of Virginia, and with somewhat similar economic circumstances, provide structure within which to comment on the current status of the institution and on the state of foundation organization and activity. For each community college, information on a representative county was used for comparison with other counties in order to determine if like circumstances exist. In addition, the U.S. Census Bureau 2000 data file was used to complement county profiles and to gauge the economic health of the

area. Rounding out the education picture are the curriculum and student enrollment statistics of SCHEV and VCCS by institution and by county. Altogether a picture for each case emerges that illuminates regional economic and education patterns for discussion.

County, College, Foundation Comparison

The overall value of these community college foundation case studies is that findings can be compared with one another to arrive at an understanding of VCCS foundations and their service areas, to test the compatibility of the college–community relationship. A Tri-County Comparison chart (Table 16) was developed to justify cross-county comparison for this study. As public institutions, Dabney S. Lancaster, Patrick Henry, and Southwest Virginia Community Colleges are comparable. All three are part of a single state community college system, have single campus colleges with associated foundations, and are located in rural areas of southwest Virginia. For each college, a representative county in each service area was profiled. The Tri-County chart composite (Table 16) can be used to draw conclusions on similarities and differences.

Table 16. Tri-County Sample Profile (Income, Student Population, Employment Status, Occupation and Industry)

County: / Community College Servicing the County:	Henry County (Patrick Henry)		Tazewell County (Southwest Virginia)		Alleghany County (Dabney S. Lancaster)	
Subject	**Number**	**%**	**Number**	**%**	**Number**	**%**
Total Population	57,930		44,598		12,926	
Income Information - 1999						
Total Households	23,946	100.00%	18,263	100.00%	5,145	100.00%
Median Household Income	$31,816		$27,304		$38,545	
Household Income Over $100,000	1,462	4.40%	759	4.20%	254	6.50%
Households below the poverty level	1,502	8.80%	1,557	11.70%	190	4.90%
School Populations & Percent Attending						
Population 3 yrs. & over enrolled in school	12,980	100%	9,714	100.00%	2,731	100%
Nursery school, preschool	799	6.20%	498	5.10%	151	5.60%
Kintergarten	700	5.40%	515	5.30%	274	10.00%
Elementary School (1-8)	6,148	47.40%	4,362	44.90%	1,306	47.80%
High School (9-12	3,133	24.10%	2,385	24.60%	618	22.60%
College and Graduate School	2,200	16.90%	1,954	20.10%	382	14.00%
Employment Status						
16 years and over [available to work]	46,420	100.00%	36,235	100.00%	10,322	100.00%
In labor force	28,404	61.20%	19,346	53.40%	5,894	57.10%
Employed	26,838	57.80%	17,593	48.60%	5,582	54.10%
Unemployment	1,526	3.30%	1,753	4.80%	312	3.00%
(July 2002 - National unemployment rate: 5.9%)						
(June 2002 - State of Virginia rate: 3.9%)						
Dominant Occupation & Percentage Employed						
Management, Professional & Related Occupations	5,084	18.90%	4,478	25.50%	1,306	23.40%
Sales and Office Occupations	6,373	23.70%	4,506	25.60%	1,140	20.40%
Production, Transportation, Material Moving	9,271	34.50%	3,107	17.70%	1,586	28.40%
Construction, Extraction, Maintenance	2,881	10.70%	2,722	15.50%	751	13.50%
Service Occupation	3,096	11.50%	2,653	15.01%	719	12.90%
Top Five Industries and Percentage Employed						
Manufacturing	10,945	40.80%	2,037	11.60%	1,786	32.00%
Education, Health and Social Services	3,846	14.30%	3,832	21.80%	1,003	18.00%
Retail Trade	3,042	11.30%	2,931	16.70%	584	10.50%
Construction	1,698	6.30%	1,274	7.20%	473	8.50%
Transportation, Warehousing & Utilities	1,098	4.10%				
Agriculture, Forestry, Hunting and Mining			1,191	6.80%		

All figures from the U.S. Census 2000; DP4 Profile of Selected Economic Characteristics, 2000. Retrieved from the web 8/15/02.
http://factfinder.census.gov.

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The most notable comparative disparity among the three counties is with total population and income reported (Table 16). Henry County has the greatest population at 57,930, and Alleghany County the lowest at 12,926. The representative counties also indicate a median household income from a low in Tazewell County of $27,304 to a high in Alleghany County of $38,545. Total households reporting that lie below the poverty level are similar in Henry (8.8%) and Tazewell (11.70%), but the total reporting in Alleghany County is remarkably lower (4.9%). Regarding household income over $100,000, the wealthiest county is Alleghany County (6.0%). These income figures and percentages can mean that Dabney Lancaster Community College will have fund raising success in soliciting both individuals and corporate manufacturers. Henry County, on the other hand, can escalate efforts in fund raising with local manufacturing corporations, and Southwest can look to both manufacturing and healthcare-related corporations for philanthropic support. Population and income are just two areas where these counties are alike.

All three counties have similar approximate percentages of students attending elementary school, high school and college. According to the education figures, Henry County can anticipate a potential college population of 9,281 students (upcoming elementary and high school students) over the next ten years; presently, the local colleges service 2,200. Tazewell County can anticipate a potential college population of 6,747 students (upcoming elementary and high school students) within the next ten years; all of the local colleges presently service 1,954. Alleghany County can anticipate 1,924 students (upcoming elementary and high school students) within the same period; local

colleges presently service 382. Overall, all three could experience increase in potential college-age students from the elementary and high school areas over the next ten years. In preparation for an appropriate response to the increase in the potential number of students attending college, each of the community colleges' respective service area could engage in advance planning to assure that adequate funds are available to meet the community needs. A county like Alleghany with the lowest population, the highest median household income, and the greatest percentage of household income over $100,000 could be in a better position to give additional money for aid to education. Tazewell and Henry Counties are in a different position and probably need to look for additional aid to education through local business and industry. Education can mean higher education (academic classes) or it can mean other forms of education (career, skills training and upgrading) for the community. Community colleges, in planning for the future, can consider service area economic health factors in order to determine the potential sources of funds for education.

The employment figures, top industries, and job categories for these counties make a positive statement. Each county has one half of its population in the labor force, with an average unemployment rate among the three of 3.6%. In all three instances the unemployment rate is lower than the Virginia state average of 3.9% and the national rate of 5.9% for the same period. Generally, the employment picture is reasonably healthy for all three counties. A healthy economy is an indicator for community colleges to review needed industrial job skills, and to be prepared to respond in kind with appropriate curricular offerings.

Considering the relatively low state unemployment figure, a look at the industry and occupation figures illustrates a more tailored picture for each county.

- In Henry County the *Manufacturing* category (Table 14) surpasses other industries in the number of those employed. The dominant occupation with the greatest percentage employed is in the census category of *Production, Transportation and Material Moving*.
- In Tazewell County, the dominant industry category is *Education, Health and Social Services* (21.8%) with *Retail Trade* second (16.7%) (Table 11). The dominant occupations of *Management, Professional, and Related Occupations* and *Sales and Office Occupations* are about equal in percentage of those employed, a situation that mirrors the dominant industry figures.
- Alleghany County's main industry is manufacturing and—like Henry County, which also leads in the *Manufacturing* industry category—the greatest number are employed in *Production, Transportation, Material Moving* (28.4%) (Table 8).

Occupations and industry statistics are valuable data for each community college to track so that each can make available the appropriate type of education for its service region.

Occupation and industry data provide the essential economic profile that college administrators can utilize when developing programs and curricula for their institutions. SCHEV's Curriculum Productivity Report that covers highest enrollment over a 5-year period for each college details clusters by certificate, degree, and by those not classified (Tables 9, 12, 15, Enrollment by Category).

Comparison of the three colleges reveals similarities in how they structure their curriculum based on their service area profile.

- Southwest Virginia Community College services Tazewell County among others.
  - The Cluster by Certificate that heads the list is the *Public Service Technology Program* in Human Services/Career Studies.
  - Under the Cluster by Degree category, the *College Transfers, General Studies Program* is the forerunner.
  - In the Cluster - Not Classified category, *Upgrading Employment Skills* far exceeds all other programs over the reported period.
- Dabney Lancaster Community College services Alleghany County among others.
  - The Cluster by Certificate indicates that *Health Technology Advanced Health Program* dominates.
  - The Cluster by Degree category shows that the *General Studies Program, College Transfers* tops this list.
  - The Cluster - Not Classified category indicates that *Upgrading of Employment Skills* leads.
- Patrick Henry Community College ministers to Henry County and other adjacent areas.
  - The dominant Cluster by Certificate is *Public Service Technology Program* in Career Studies.

- The leading Cluster by Degree is the *College Transfer Program* in General Studies.
- The Cluster - Not Classified program that far exceeds all other programs is in *Upgrading Employment*.

Most students in all three counties, according to the most recent census report, receive a high school degree and do not pursue higher education (U.S. Census Bureau, 2000). Consequently, community colleges in each of these regions can anticipate a continued increase in their Cluster - Not Classified section, especially in the Upgrading Employment Skills category. The Upgrading Employment Skills category in each institution exceeds 1,000 students over a five-year period. If the community college curriculum is supposed to reflect community higher education and labor needs, then the potential for increase in the numbers of college-aged students anticipated over the next ten years will demand long-term planning for funding.

Findings on each of the community college education foundations reveals similarities in structure, relationships, and activities, but results also demonstrate differences in practices, professionalism, connections, and use of technology; all three, as a result, will face different challenges. All three VCCS nonprofit community colleges have foundations that were incorporated by the early 1980s, are presently active, and operate with a Memorandum of Understanding negotiated each year with its respective college. The numbers of foundation board members range from a high of 33 at Patrick Henry to a low of 11 at SVCC, and generally all three fall in line with what is considered a standard-sized board. Foundation presidents serve as either members or as the

Secretary on the foundation board, with a similar membership role on the institutional governing board. Foundation administrators, whether called development director, coordinator, or executive assistant, divide their time between institutional research and foundation activities; they, too, are part of the foundation board. In addition, both the president and the foundation administrator are state hires. Each foundation receives its operating budget from its respective institution. Each foundation reports its activities in some form to the host institution. In addition, the VCCS requires an annual report from community college foundations. All VCCS foundations report accordingly, albeit while honoring donor mandates for exclusion. The result is an annual VCCS foundation report, a composite of all 23 of its colleges that is only as good as the comprehensiveness of that which is reported. Most of the similarities identified surround the formal connection of the foundation to the community college, and then the community college relation to the public education system.

When it comes to particulars about the foundations, some similarities and differences are evident as a result of the independent character of the foundations in general. These foundations are legally classified 501(c)(3) not-for-profit organizations by the Internal Revenue Service (IRS). All three report their Form 990s to the federal Internal Revenue Service each year. The IRS foundation filings are public and available online at the Internal Revenue Service web site. None of the three foundations publish their Form 990 on their own Internet foundation site, yet private nonprofit organizations publish their Form 990s on line to ensure transparency because doing so promotes confidence with the public. Even though not a requirement, publication of the Form 990

each year on a community college foundation's web site can shore up public confidence in foundation activity and boost the institutional image.

All three foundations work with their institution's public affairs office and marketing departments to develop and solicit brochures, reports and press releases; some foundations, however, are more aggressive in approach or prolific in distribution than others. All three foundations attach a name to their foundation projects. For example, Patrick Henry's foundation's most recent campaign is called *Invest in the New Millennium*, and a common theme that runs through its programs is *Continue the Revolution*. The foundation's way of reporting fund raising results differs based on the individual marketing strategies of each. For example, SVCC's foundation refers to a segment of donors as Friends based on the amount of donation, whereas PHCC's foundation refers to a donor who contributes an equal amount as Patriots. Each foundation, in its own way, has done a reasonable job of connecting the institution to the community college in their marketing. Thematically, however, Patrick Henry's presentation can be construed as more effective when it brands the historical persona of Patrick Henry to the institution, and again to the foundation. Those college foundations that can make a similar connection can have an advantage in linking the institutional cause to the community.

In a search for foundation contact information, a comparison of college and foundation brochures shows that Patrick Henry displays the foundation name, address and contact information more frequently than the others. They not only display it more frequently, but also include the name and phone numbers of foundation contacts. Dabney

Lancaster provided the greatest number of press releases for review regarding foundation activities over the past two years, most of which contained pictures of college officials and community supporters. Keeping the issue before the public in the form of frequent press releases like this is a critical component of fund raising. SVCC publishes a document called *Year in Review* annually in the local press, a convenient and effective way to advise the community of its efforts and promote institutional causes. All three foundations use the media and marketing to their advantage in their own particular ways.

Professional training and national affiliation are also components of a working foundation. Professional development opportunities are available through the VCCS for all who want to take part. For example, the VCCS development director arranges a seminar or conference sponsored by CASE. All VCCS professional employees can attend. At present, neither the VCCS nor any of the institutions have plans to include ethical training for personnel. Even though VCCS provides the opportunity for occasional professional training through national educational organizations like CASE, the lack of trained VCCS personnel can point to an information void within the system as it relates to ongoing training in ethical behavior. Only one institution, Patrick Henry, reports having a development director who belongs to a national philanthropic organization for education, and its foundation has national membership. As well, Patrick Henry's development director is the only such officer sitting as a member of the local chamber of commerce. National associations such as the Association of Fundraising Professionals recommend membership in a professional philanthropic organization,

adherence to national guidelines and standards, and active involvement with community organizations can be valuable assets in a development director and respective foundation.

Soliciting techniques in fund raising are similar in some respects and slightly different in others. All three foundations engage in annual fund raising campaigns. They solicit potential donors in various ways: mass mailings, in-person solicitation, and phone contacts. All three participants use pledge cards in their mail-outs for donors to fill out and return. None of the three foundations offer an opportunity to donate online, but Patrick Henry recently included a pledge card online for donors to download, fill out, and mail in their gift.

In this Information Age, the Internet is one way to gather information and solicit funds; a review of the three college web sites in search of foundation information is telling. A foundation web site can contain foundation activity information, can provide forms for pledging, and can be a useful marketing tool for a potential donor interested in giving a gift to the institution. All three college web sites are adequate from an institutional standpoint, but all three have different ways to get to foundation information. None of the three provide an option to get to the foundation information from the college home page. Patrick Henry's site is the easiest to navigate, but a potential donor must know that he is a visitor to the site (as noted on the home page drop-down tab). The word "donor" does not appear as an option on the home page.

With some browsing by a site visitor, foundation information appears on all three colleges' sites, but the content varies among the three. Patrick Henry's foundation's site provides the most information for a donor wishing to learn about the foundation. None of

the three have an individual foundation web site address to use so that a donor can go directly to the foundation section. None have a web site for the institution or the foundation noted on their published foundation materials; at best, some insert an email address for a foundation contact. Generally, the Internet as a marketing and soliciting device is underused by two of the three foundations. The third, Patrick Henry, is presently looking into online donating for the future (K. Holt-Smith, personal communication, September 2002). In the end, all three make some use of the Internet as an information tool, and at least one foundation makes use of the Internet as a soliciting device.

The types of gifts solicited by the foundation are generally the same for all three. Gift opportunities include cash, endowments, bequests, charitable living trusts, scholarships, securities, real estate, insurance policies, charitable gift annuities, and retirement gift plans. All three foundations include these kinds of gifts in their marketing brochures, but do so in their own unique ways. All three foundations define each gift and what it entails. They also state that the foundation is willing to accommodate to a donor's wishes. However, the only foundation that includes an explanation of the foundation and its history is Patrick Henry's. An explanation such as this can be helpful to a potential new donor who is unaware of what an education foundation is and does. The other two foundations include a list of accomplishments that can read as a history, and that may be the intent when the accomplishments are listed in their brochures. Ultimately, all three foundations are in tune with the latest gift opportunities utilized by private nonprofits to raise funds.

The purpose for which foundations engage in fund raising among the three is similar. Foundations conduct fund raising campaigns to fund programs and scholarshi to buy equipment, to build facilities, and develop a fund for professional development. an education foundation, these approaches to fund raising are considered to be traditio approaches and influence the institution in the immediate or short-term; however, the three foundations did not indicate practices that can alter the institution—change how they do business over the long term. One example of a transformational approach is venture philanthropy, a practice that brings a new kind of donor into the mix, and one calls for some involvement or say on the part of the donor. Nevertheless, at the presen time all three colleges are experimenting with accepting all types of traditional gifts.

No matter how many gifts are received, a foundation needs to develop a plan in order to make the most use of all donations received. None of the three foundations ha individual, separate plans of their own. All three, however, when asked for their individual plans, note that their plans are embedded in their respective institutional master plan that covers a period from 2 to 5 years. Based on that fact, these foundatio are set to react to short-term institutional needs. These colleges set their goals based o institutional priorities every two years, and mention the foundation within the plan by way of goals, with no mention of a plan for how to achieve those goals.

In conjunction with soliciting and receipt of gifts is the idea of institutional eth behavior. As mentioned previously, specific ethical training for foundation professio is not in place, nor is administration considering implementing a program that concentrates on ethical issues. The Council for Advancement and Support of Educati

recommends that educational foundations use a *Donor Bill of Rights* just as do the private nonprofits (CASE Web Site; AFO Web Site). The purpose of this *Donor Bill of Rights* is to assure a donor that the intent of his gift is assured. Only one of the three foundations, Patrick Henry, uses a *Donor Bill of Rights* and includes this information on its web site. Implementing a standardized *Donor Bill of Rights* for VCCS foundations can infuse a modicum of ethical behavior into the process of fund raising.

Part B. Virginia Community College System and Education Foundation

Virginia Community College System (VCCS)

VCCS is a statewide system of public community colleges created in 1966 as part of a response to a nationwide movement to promote a more democratic society through education. At the heart of the movement is the community college, the post-secondary institution that became education's democratic institution of choice. By 1973, The State Council of Higher Education in Virginia (SCHEV) established 23 community colleges with the intent of having a college within commuting distance of all Virginians.

Enactment of federal legislation led to increased attendance in community colleges, a need for facilities, and resulting funding problems. Passage of the G.I. Bill after World War II and the Higher Education Bill in 1965 crystallized the perception that all Americans have a right to an education. As a result, more and more Americans began to associate open access to education with the community college. At the same time, funding these institutions reached crisis proportion. VCCS receives funding from various sources—primarily federal, state and local governments, as well as from tuition and fees

and private grants. The state bureaucracy was and still is a critical component of the funding issue. The process begins with the Virginia General Assembly, which allocates and appropriates funds for education in its biennial budget. Funds are distributed directly to the various public higher education institutions. The higher education segment includes public four-year colleges and universities and the community college system; the community college system includes 23 individual community colleges. Because of a gradual decline in available state funds and because of increased demands made on the community colleges, VCCS has been exploring ways to increase resources.

VCCS leaders in the 1960s understood the need for increased funding if its institutions were to fulfill their mission. Dr. Randall Edwards (personal communication, June 4, 2002), former Germanna Community College Dean and New River Community College President, recalled that prior to the founding of the VCCS education foundation the governor accepted gifts on behalf of education that then became property of the state. Edwards remembered this as the impetus for the start-up of the VCCS foundation in 1969. According to Edwards, Dr. Dana Hamel, VCCS Chancellor in 1969, wanted a vehicle for the system to accept gifts from private sector donors. More importantly, he wanted any such gifts to stay within the system rather than have them revert to the state. This vehicle, in effect, was supposed to create what Edwards called a firewall between the state and the private sector. The chancellor moved forward with his idea and set the wheels in motion to establish a nonprofit education foundation in the late 1960s as an answer to some of its funding needs.

Virginia Community College Education Foundation

On January 6, 1969, the State of Virginia Corporation Commission certified the Community Colleges of Virginia Educational Foundation, Inc. Article A (Articles of Incorporation, 1969) states that the foundation's purpose is to support the general welfare of the community colleges within the system by providing money to strengthen, develop, and enlarge colleges and programs. Article D points out that any community college with assets deemed valuable by the foundation has the right to elect one director to the State Board for Community Colleges (SBCC). The SBCC administers policies of the State Council of Higher Education (SCHEV), and is the governing board of the VCCS. The board is a corporation that establishes regulations and administers a statewide system of publicly-supported comprehensive community colleges known as the Virginia Community College System (VCCS) (SBCC, 2002, #23-215). One responsibility of this board is to select an overall director from this list of member community colleges. Colleges on this list are recognized as having valued assets and, therefore, the VCCS foundation accepts them as members. Article H names Dr. Dana B. Hamel as the first Director of this corporation. By 1969 the Articles of Incorporation, and the foundation's by-laws, were in place. The organization chart (Figure 4) for VCCS shows the visual organization of the system as it appears today (VCCS web site, 2002).

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Virginia Community College System
System Office

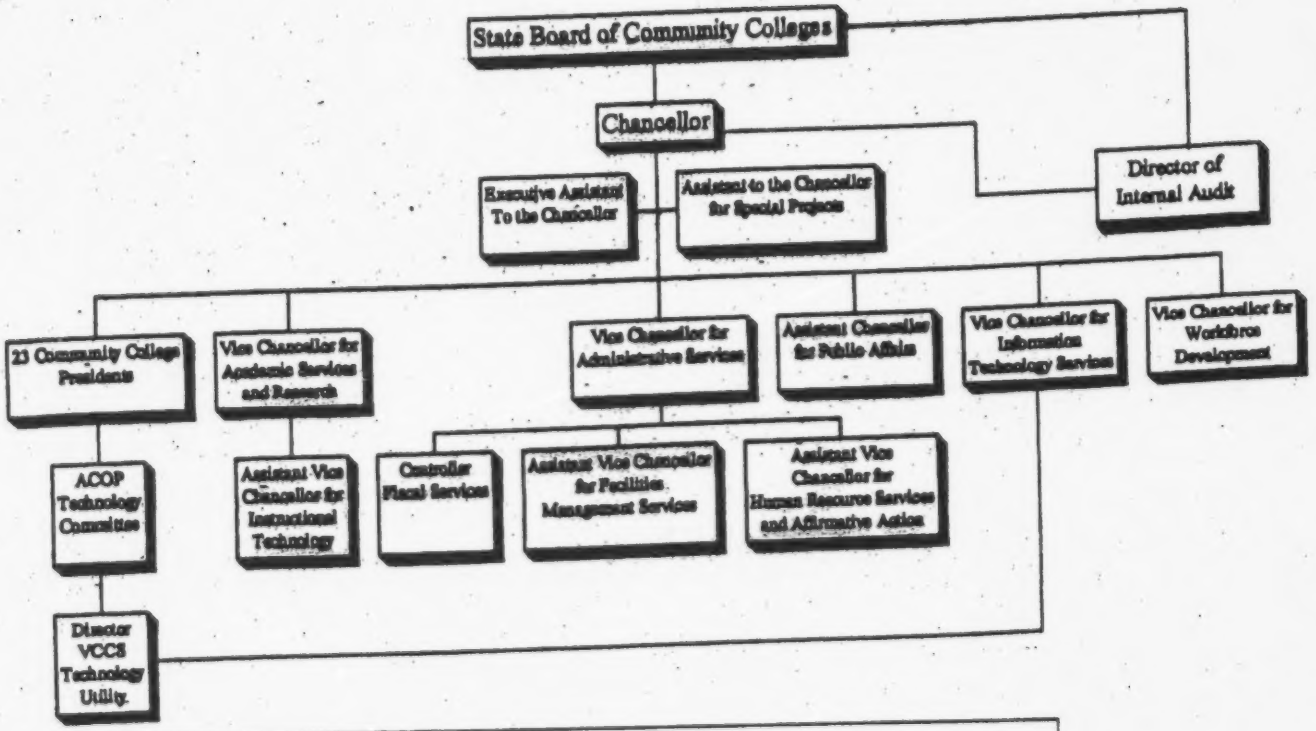
State Board of Community Colleges
Chancellor
Executive Assistant To the Chancellor
Assistant to the Chancellor for Special Projects
Director of Internal Audit
23 Community College Presidents
Vice Chancellor for Academic Services and Research
Vice Chancellor for Administrative Services
Assistant Chancellor for Public Affairs
Vice Chancellor for Information Technology Services
Vice Chancellor for Workforce Development
ACOP Technology Committee
Assistant Vice Chancellor for Instructional Technology
Controller Fiscal Services
Assistant Vice Chancellor for Facilities Management Services
Assistant Vice Chancellor for Human Resource Services and Affirmative Action
Director VCCS Technology Utility

Figure 4
Virginia Community College System Organization Chart
Retrieved January 15, 2003, from http://www.so.cc.va.us/Polcypdf/section/Sec 2.pdf

The director of development position is not specifically noted in Figure 4, but falls under the purview of the VCCS Vice Chancellor for Academics and Research (Human Resources, personal communication, November 2002). In June 2002, the development director position was raised to that of assistant to the chancellor, however, an organizational chart reflecting this change is not yet available (VCCS Human Resources, personal communication, November 2002). In addition, missing from the organizational chart is any indication that the foundation is part of or affiliated with the system in any way.

The by-laws of the Community Colleges of Virginia Educational Foundation, Inc. (1969) included particular information on the foundation's operation. Of note, none of the VCCS community colleges had private foundations at the time that the VCCS set up its own foundation in 1969. Below are some articles that specifically target an educational foundation like VCCS whose associated institutions do *not* have their own foundations.

- Article IX, Section 2, entitled *Gifts, Grants, Donations* concerns itself with accepting gifts of any kind. This article clearly asserts that gifts received by a college will be deposited with the foundation and, in turn, the foundation will keep accurate records of gifts accepted by a community college.
- Article IX, Section 3 addresses any gift made directly to the foundation yet earmarked for no specific college. Section 3 assures that the corporate board of the foundation will manage the gift.

- Article XI, Section 3, *Operating Costs for the Foundation*, covers payment of costs that derive from gains on investments, gifts, or grants.
- Article XII assures an annual audit by a certified professional with results distributed to all directors, to the State Board, and to each local governing board.

These articles highlight areas of concern that VCCS had about its relationship with its constituent community colleges, and can serve as evidence of VCCS's care in considering its members as it addressed some of the questions that the presidents of these colleges had about how the VCCS foundation would bear upon their institutions.

With the increase in the number of community colleges serving the State of Virginia, the VCCS implemented a policy in 1983 that allowed its individual community colleges to set up their own public nonprofit foundations. This policy eventually prompted the VCCS Education Foundation board to reconsider its original by-laws and to think about making changes in tune with the realities of post-secondary education in the 1980s.

However, it was not until October 1992 that SCHEV commissioned a State Board for Community Colleges Committee (SBCCC), the governing board of the Virginia Community College System, to consider changes (A. Oliver, personal communication, May 30, 2002). The committee's primary purpose at that time was to revise the VCCS Education Foundation by-laws and scrutinize the foundation's activities. Three years later, in 1995, the Foundation board completed its revision of the by-laws. On January 12, 1995, the State Board for Community Colleges approved the *Revised By-Laws* of the

Community Colleges of Virginia Educational Foundation, Incorporated (SBCC, 1995, Minutes 194). These by-laws reflected institutional growth and change within the system and demonstrated a shift in the philanthropic donor–recipient relationship. Donors increasingly wanted to contribute to a specific community college rather than to the system, and wanted assurance that their gift would be used only for their institution of choice. Just as the VCCS Chancellor Hamel wanted to control acceptance and expenditure of funds targeted for education rather than having the state dictate their use, over time the community colleges wanted control over their own gifts for the same reason. Overall the donor and his wishes provided the impetus for change and resulted in the establishment of individual community college foundations.

The 1995 *Revised By-Laws* were a barometer of change occurring in foundation relationships and operations. The original by-laws of 1969, however, were silent on topics that some of the revised articles addressed. For example, in 1995

- Article VII articulates the various committees needed and the extent of their power, a subject that was not mentioned in the original by-laws. Clarity concerning committees, their functions, and the extent of their power adds strength to the foundation's credibility, and ensures an expeditious response to issues covered by such committees.
- Article VII, Section 3 allows for the formation of an Investment Committee that serves to advise the foundation on investment and management of funds. Section 3 mirrors the trend in business for strategic planning that emphasizes asset and fund management as an imperative.

- Article VII, Section 4 further requires the establishment of a Long-Range Planning Committee and specifically orders this committee to look at the future needs of the system and its affiliated colleges. Furthermore, this committee advises the full board of its recommendations to meet anticipated future needs. Section 4 is a valuable addition in light of a national emphasis in philanthropy on the value of nonprofit asset management, as well as the business tendency to have both short- and long-term plans. However, the idea of long-term planning in education, as evidenced by master institutional strategic plans, is interpreted as 1 to 5 years; whereas business strategy for long-term planning means a look further out than 5 years to best anticipate future needs.
- Article IX, *Gifts, Grants, Donations*, attends to the power given to the foundation's board of director when accepting gifts. This article gives the board the power to use gifts of any kind given to the foundation in ways it deems prudent, and provides assurance that the gift will be used for purposes as designated by the donor. In clearly providing assurance to the donor in this way, the article is in step with changing times, and mirrors national philanthropic organization recommendations to stress this point to ensure donor trust.
- Article XI prohibits sharing in corporate earnings, an addition to the original by-laws that comments on payment for compensation of services rendered to the corporation. This article, like others, echoes the concern of national

philanthropic agencies to assure donors that the organization can be trusted to act in ethical ways when doing business.

- Article XII covers the process for dissolution of a foundation, an item that was not included in the original by-laws. This stipulation for dissolution outlines essential ground rules for terminating the foundation, with recommendations on distributing remaining assets. Originally each community college with a foundation controlled its own foundation's assets. By 1995 all 23 of the community colleges within the VCCS had education foundations in various phases of operation. At this time, the VCCS Education Foundation board controlled only its own assets. This article provides a process in advance of dissolution for distributing remaining assets for the VCCS foundation, and further provides for the same process for all the community college foundations.

These articles were just some of the revisions made to the by-laws in 1995 that reflected modifications in how an education foundation could operate. These revisions further demonstrated the foresight of the VCCS Chancellor, Arnold Oliver, and the foundation board at that time.

The State Board for Community Colleges (SBCC) is "the State agency responsible for establishment, control, administration, and supervision of all community colleges" (VCCS Policy Manual, Sec. 2A-9, 3/91). SBCC, as the governing board for the Virginia Community College System (VCCS), began the process when it recommended incorporation of the VCCS foundation. The board has continued its

involvement through recommendations for policy, guidelines, and plans (SBCC, 2002, #23-215). SBCC's Strategic Plan, 2000-2002 and Beyond (SBCC Web Site) included goals and strategies for VCCS, some of which include:

- "Advance Virginia's workforce through policies and world-class programs and services focusing on employee and business development and technology" (p. 1). Under this goal, the first objective to address foundation activity, stated as: "Coordinate a community college response that meets statewide workforce development needs and helps to attract, retain and expand businesses" (p. 4). One on-going related strategy was for the VCCS "to pursue federal and foundation grants to enhance job placement, co-op and internship programs for traditional and non-traditional students and community residents" (pp. 6-7).
- "Identify, acquire and leverage resources to support and enhance community college workforce development activities and access" (p. 9).
- "Identify funding opportunities at federal and state agencies and foundations to assist in satisfying resource needs in each college workforce development unit to address the changing education and training needs of employees in their service region" (p. 11).

SBCC's Strategic Plan offered a guideline for community colleges in the traditional sense as noted in the aforementioned goal, objectives and recommended strategies. The state board provided the approach necessary to assure the responsible growth and fiscal integrity of a community college foundation.

VCCS reacted to the State Board for Community College's procedures, and in turn issued policy. A review of the *VCCS Policy Manual*, Section 2, III. G (4-15-02, 2A) stated VCCS policy as regarding educational foundations. Section 2A included topics such as the purpose of the policy, establishment and organization of the foundation, college resources and services, foundation relationships, management and operation, reporting requirements, and the need for an annual certification letter. The policy granted the existence of the foundation based on its 501(c)(3) federal tax status, and stated that the foundation budget was beyond the reach of the college operating budgets. Overall, the intent of the VCCS policy statement was to "assure responsible growth and fiscal integrity" (2A-27). Foundation reporting requirements to the Chancellor, Director of Internal Audit, and the College President included the following: an Annual Income and Expense Statement, an Annual Financial Audit Report, a certification of Foundation Audit Committee compliance, copies of any completed or impending changes to the By-laws or the Foundation's Articles of Incorporation, a copy of the joint operating agreement between the foundation and the college, and an Annual Certification Letter. Under separate cover, the foundation had to report to these same offices the following: planned major capital expenditures, a copy of filed IRS 990, a list of any awards paid out (cash or property), a list of private firms involved in managing or investing in the foundation with mention of associated fees, and notice of any audit or review by tax authorities taken (2A-34). Accordingly, the VCCS chancellor reported its foundations' activities to the State Board for Community Colleges (SBCC, 2002, #23-223).

VCCS set policy for its community colleges, but the individual community college governing boards set institutional priorities. Community college foundation boards structure activities based on institutional needs, and the development director of each foundation administers the board's advice. Although not legally accountable to either the institution, the voter, or to the stockholder, the foundation board must comply with all federal and state laws and directives in all that it does. The Governance and Standards chart (Figure 5) for the community colleges shows the various sources of governance and standards, points to the source of authority, and is based on the researcher's understanding of how things work. The State of Virginia General Assembly sets overall policy. The State Council of Higher Education for Virginia is responsible for establishing education standards, and the Virginia Community College System reacts to these standards, setting policy for its individual colleges. The institutional board provides governance for the public community college (Figure 5).

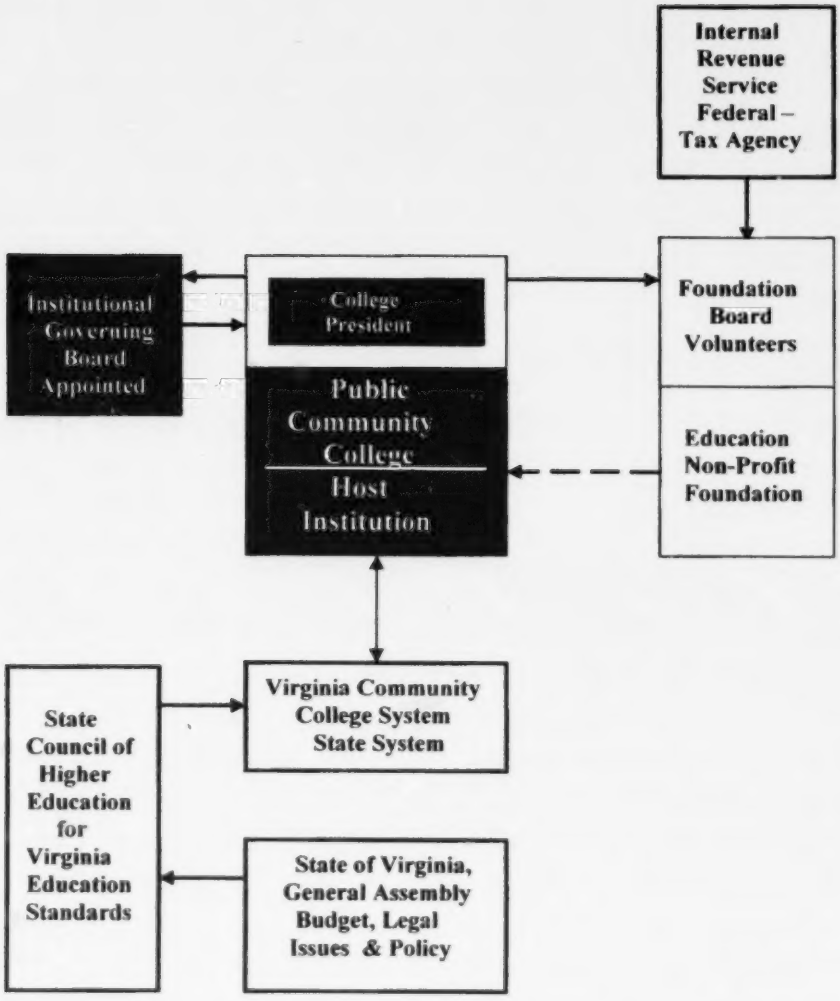
Internal Revenue Service Federal – Tax Agency
Institutional Governing Board Appointed
College President
Public Community College
Host Institution
Foundation Board Volunteers
Education Non-Profit Foundation
State Council of Higher Education for Virginia Education Standards
Virginia Community College System State System
State of Virginia, General Assembly Budget, Legal Issues & Policy

Figure 5
Governance and Standards, Community Colleges
Developed by J. LaBeouf, 2003

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Foundation board decisions can influence the institution. Even though the board does not set institutional priorities, it can by its decisions and actions influence institutional priorities and the overall education policy of VCCS. For example, a foundation can conduct a successful fund raising campaign to build a new structure on campus. With a new building comes an institutional responsibility to maximize the building's capacity and capabilities in order to provide more classrooms, to house departments in need of space, to promote programs, or to serve the recreational needs of the community. The institution manages the building and re-adjusts its priorities so that this building serves the purpose for which the donors intended so that the institution can address other pressing needs.

The Host Institution and Foundation, Revenue and Personal Relationships chart (Figure 2) clarifies the connections between the two as understood by the researcher. A general relationship exists between the community college, or the host institution, and the nonprofit foundation. The individual or personnel relationships act within this general structure. Included is the president's obligation to the institution, and involvement with the foundation; the dual responsibility of the development director to the institution and foundation; and the administrator's obligation to the institution. Revenue sources are included to illustrate which entity receives what type of income.

A foundation operates in light of agreed-upon criteria that complement its mission. Those criteria, set by the board, include efficiency and coordination, independence, and integrity. The purpose of having the criteria is to aid the foundation

board when considering institutional priorities so that the foundation can remain true to its mission to fiscally support the institution in its efforts to the serve community's needs.

Ultimately the foundation's development director is responsible for administering the foundation board's provisions. The job of a public administrator is a difficult one. The foundation or development director has a dual role and answers directly to the president as a state hire, and as part of the president's staff is often directly tied to institutional research; also, the director is a member of the foundation board and does the board's bidding; and, finally, to complicate matters further, if the director is a member of a professional organization, the development director can find himself obligated to adhere to the guidelines as set forth by the professional agency. This divided allegiance and multi-role capacity of the development director can be the occasion for personal and business conflicts for which training should be provided.

In May 2002, Dr. Arnold Oliver, former Chancellor of the VCCS, commented on the state of the VCCS Education Foundation activities in the mid 1990s. The perception within the System at that time was that the VCCS foundation did not have a good record on decision-making for expenditures, and that it had fallen short in raising sufficient funds to meet the expected supplements for the chancellor's salary (A. Oliver, personal communication, May 2002). Former Chancellor Oliver suggested that there are many statewide corporations and trusts that would be willing to support the VCCS foundation, and that their donations would not affect individual college foundations; however, he also added his and others' concern over the potential for conflict of interest between the VCCS foundation and the individual community college foundations. At that time, the

consensus among the chancellor and college presidents was that the VCCS Education Foundation remains legally active but not engaged in fund raising. Dr. Edwards' (R. Edwards, personal communication, June 4, 2002) comments supported Oliver's observations that the foundation was inactive in fund raising because it did not live up to the board's expectations. Even if the foundation had lived up to the board's expectations, and even if there existed a real or imagined conflict of interest over activities of various board members or a fear of competition among community college foundations, the fact remains that presently the foundation legally exists, has taken an inactive role in fund raising, but can be reactivated. The status of the foundation leaves open the possibility for the chancellor to assess reactivating the fund raising activities of its foundation in the future. Ten years have passed since first talks began about reactivating the foundation and Oliver (A. Oliver, personal communication, May 2002) hinted that now may be the right time to consider the value of reinstating the revenue raising option of VCCS's foundation. Chancellor DuBois' intent is to revisit the issue of reactivating the foundation in the near future (G. DuBois, personal communication, October 28, 2002).

The VCCS Director of Development Services annually submits a report to the chancellor on the fiscal status of VCCS foundation activities. The recent report contains submitted foundation information as stipulated by VCCS policy (Hardison, 2002). The report's findings, however, are only as accurate as the information the foundations submit to the VCCS Director of Development Services. By law, an educational foundation is exempt from complying with the Freedom of Information Act, and to its advantage can maintain donor privacy (D. Hardison, personal communication, May 13, 2002).

Consequently, some donor activity legally can be omitted. For example, the director (D. Hardison, personal communication, May 13, 2002) reported VCCS foundation activity for 2001-2002, but these figures may be lower than what actually occurred because of the legal exemption on donor reporting. Hardison (2002) reports that the overall growth was only a 4.7% increase in net assets from 1999-2000 to 2000-2001. When the chancellor began emphasizing fund raising as a priority in 1994, the total VCCS foundation assets were $15 million. Therefore, the difference from $15 million in 1994 to $76 million reported in 2001 can serve as a commentary on the success of the individual community college foundations within the system over time, although at the present time the VCCS's own foundation has minimal assets (Hardison, 2001, p. 1).

The VCCS community college foundation annual fiscal report (Hardison, 2001) reveals that most funds come from individual donors, and also identifies a low performance in alumni giving, both of which are consistent with national giving trends as reported educational institutions in *Giving USA* (Kaplan, 2000). The VCCS 2001 report contains information on advanced planned giving, which does speak to the VCCS Education Foundation's consideration of future foundation needs (Hardison, 2001). In addition, the report takes into account the VCCS Education Foundation deficiencies and strengths. Two recounted deficiencies in the report related to foundation operations are a high rate of turnover among institutional planning personnel, and a lack of a promotional path for these personnel (Hardison, 2001). The system's strengths are its ability to cultivate an environment of shared learning and to provide group conferences for professional development. Finally, the report closes with comment on the challenges the

system faces. In order for VCCS foundations to meet their future missions, each foundation must continue to raise unrestricted funds for capital, management, and endowment (Hardison, 2001). To increase funds for the future, the community college foundations must continue utilizing traditional sources for giving, but also can take into account the system recommendation to increase unrestricted funds.

Virginia Community College System and Education Foundation Summary

The need for funding an expanding community college system is the impetus for change within the community college foundation. The VCCS chancellor in 1969 recognized the need to have a vehicle in place to provide a barrier between the state and the private sector. That vehicle is the System Education Foundation. In the 1980s the State Board for Community Colleges allowed each community college to incorporate its own education foundation. In the early 1990s, after trying to reactivate the System Foundation, Chancellor Oliver and the VCCS governing board decided to have the Foundation retain its legal standing but leave it in a state of inactivity. As of the publication of the 2001 VCCS Foundation report (Hardison, 2001) the need for increased funding remains; in fact, the system development director said that each foundation has to continue to raise unrestricted funds for capital, management, and endowment. In light of further decreases in state funding, former Chancellor Oliver (A. Oliver, personal communication, May 2002) had expressed his belief that the time could be right to reactivate the system foundation, and Chancellor DuBois (G. DuBois, personal communication, October 28, 2002) has expressed his intent to pursue reactivation of the foundation with the State Board. This could create the opportunity to clearly define a

role for the System Foundation that is separate from or different than the individual community college foundations.

The VCCS community colleges have foundations at various stages of philanthropic engagement ranging from active, to semi-active, to inactive. The need to increase their foundations' success is critical, as noted by the VCCS Foundation's development director (Hardison, 2001). Community college foundations, in response, can review their plans and consider the challenge of how to continue to meet their future mission; inexorably, the plan will involve foundation activity. As the need for funding of the community college escalates, understanding the characteristics of what constitutes a successful foundation becomes more important.

Summary

All of the individual case studies address the research questions that ask how the community college, and how the education foundation, traditionally goes about business, and how the institution promotes professionalism while conducting business. These three VCCS community college foundations serve as examples for achievement and illustrate that fund raising success can be a reality in a smaller, rural community college setting. While these foundations are current in their status as separate legal entities, they are, at the same time, tied to the institution through personnel relationships and in their reliance on the institution for operating fund needs. Even though all foundations have a marketing strategy, each approached marketing in a unique way. All of these foundations have utilized comparable soliciting strategies to gain similar kinds of gifts; but only one foundation uses the Internet as a tool for soliciting in a new way. At a time when the

public demands ethical behavior and transparency from its institutions and administrators, these foundation professionals have no opportunity for ethical training, and two choose to disregard the advice of national organizations regarding adaptation of a *Donor Bill of Rights*. Each community college operates from an institutional plan; however, none of the three foundations has its own plan and only one specifically articulates separate goals. Similarities and differences among public nonprofits abound. They relate to the atypical relationship of the public nonprofit foundation to an institution that is beholden to the state, to the unique relationship of the foundation professional with the institution and with the profession of fundraising, and to each individual foundation's level of professional fund raising expertise and a willingness to act independently to seek alternative ways of funding the institution over the long term.

The system case study approach is invaluable for knowing the historical background of the start of the colleges, as well as the colleges' relationship with the VCCS Education Foundation regarding fund raising. Although the VCCS Foundation is presently inactive, the chancellor and state board can consider reactivating its status as long as it respects the individuality of each of its college foundations. Based on findings, the system foundation can redefine its mission so that it does not infringe upon the college foundations.

Chapter 6. Questionnaire Findings

The results of a questionnaire (Appendix A) sent to the presidents and foundation directors of Dabney S. Lancaster, Patrick Henry, and Southwest Virginia Community Colleges and foundations (a) reveal the general perception held by various key education players, and (b) uncover several important issues related to education foundations. Overall, this study connects the profile of each college to the economic health of its service region, to the performance of the foundation, and to the role of leadership of both the institution and foundation. A correlation of this type is helpful for discussion when juxtaposed as to how private and other public nonprofit organizations operate.

The basis for using a questionnaire in this study originated with a review of a dissertation done by Johnsen (1995) on three other Virginia Community College System (VCCS) community colleges. Johnsen used a questionnaire approach and based her conclusions on the perceptions of her participants, especially as they related to specific beliefs and needs. Some of the beliefs and needs identified were: the need for internal support from faculty and staff in fund raising, the need to broaden capital campaigns, the need to clarify institutional image, the need to identify innovative strategies for creative fund raising, the belief that the president is the primary fund raiser, the belief that the board and staff do not need to be part of the fund raising process, and a belief that alumni are a source of funds but only for small projects (p. 83). The Johnsen study is different

from this study because it concentrated on three VCCS institutions and foundations that were unequal in size, with service areas experiencing disproportionate economic development, while this study concentrates on three analogous VCCS institutions and foundations. Answers to the open-ended survey questions help in aligning educational leadership perceptions with each service area's economic reality—especially over issues that influence the nonprofit community college foundations.

The survey instrument (Appendix A) is comprised of six open-ended questions that are the result of research findings regarding current issues facing public post-secondary education foundations today. The intent in approaching certain institution and foundation leaders was to arrive at a common understanding of what each leader—one on the institution side and one on the foundation side—believed and knew to be fact as it related to certain college concerns and areas of operation as they have an effect on the foundation, and vice versa. Additional reasons for asking these questions are as follows: to take note of the relationship among the leaders, their institution, their foundation, and the community in order to determine the level and type of fund raising activity in each of the participating foundations; to evaluate the fund raising and planning processes of the foundation; to gauge what success means for a foundation and the institution; and, in final analysis, to arrive at an overall impression of how the leaders believe that their foundations serve their respective colleges.

Experts have put forth various theories on the nonprofit organization process that form the basis of this study and relate to the questions. This study is based on six premises that relate to the survey questions:

1. The interdependence of the college and foundation as regards leadership personnel and operating budgets is problematic, and the difficulty is sometimes evident in the nature of the leader's or director's relationship to the institution.
2. Leadership requires that vision be tied to mission and continuously brought before the community at all opportunities. Leaders, for purposes of this study, are the college president and the foundation director (or the person acting in that capacity); however, the study recognizes that faculty leadership is an essential component of philanthropic efforts because the community is familiar with and interacts with the faculty on a regular basis.
3. Promoting and maintaining institutional image is critical to the long-term success of the college and, by extension, its foundation.
4. Foundations, by necessity, should be proactive in ethical practice and accountability. Doing so can lead to or enhance an already positive image of the college and foundation and, at the same time, appease prospective donor concern about foundation propriety.
5. The foundation's planning process and strategies are more suited to modeling on that of the private sector nonprofit organization or private business. Foundations associated with VCCS community colleges, although appreciated for their immediate fund raising capabilities, have not been fully exploited for their total worth when it comes to future planning in support of institutional needs.

6. The two-year public nonprofit model can benefit from a multi-source model for process. A multi-source model takes into account the various changing foundation relationships, strategies, and planning, and represents a flexible process necessary to advance institutional goals.

The six survey questions cover the categories of leadership, vision/mission, image perception, ethics, and planning as they concern only the education foundation. The sixth question asks for general comment and is optional. The rationale in asking these questions of designated individuals serving in particular leadership roles was to gather information on the foundation as participants see it. Each survey question has several component parts that connect to the topic. A statement precedes each question and is intended to generate thought. In addition, an optional section for remarks at the end of the questionnaire provided a chance for remarks or concern and was designed to elicit spontaneous comment. The survey instrument as it was distributed appears in Appendix A.

Responses from the leaders of the three sample community colleges and their respective foundations elucidate strengths, raise issues, and call attention to challenges ahead. Responses were analyzed using all comments, but findings are presented as an amalgamation of each subject. For example, when analyzing Category One, Research Question 1, all six responses were treated as a whole. The intent of the survey question was to test the common perceptive climate of respondents on each subject as a whole, and not to relate specific comments or draw connections to any one foundation. When needed for clarity, some analyses were linked directly to the particular title of the

respondent. For example, if stating that a particular response was from one president, *category* would add emphasis and directness to the discourse, then the respondent's role or title was noted. The responses to the questions follow.

Category One Statement: Administrative Leadership

The public wants an administrative leader with certain qualities that ensure the public trust and allow the administrator to function efficiently in a public institution.

Survey Question 1. A.: Please discuss one or two leadership qualities, and relate how they translate into good administrative practices and enhance the institution's image. Do you see these qualities you selected as similar or dissimilar to those needed by leaders in business?

Leadership qualities, administrative practices and institutional image.

Vision and passion for the job are the two leadership traits valued. Responses were similar yet stated in various forms. For example, a leader must have vision, be a visionary, be motivated, be inspirational, have conviction, and provide direction for followers. Only one response went further and mentioned integrity and ethical behavior as essentials.

This question asked how the designated leadership qualities translate into good *administrative practices* and how these practices enhance the *institution's image*. A list of leadership abilities noted were: hire good people and empower them; plan continuously, build trust, respect and credibility; galvanize functionaries; be actively involved in a broad range of community functions that involve fund raising; and be

accountable, although there is no elaboration as to who is accountable to whom and for what.

As to how these qualities enhance institutional image, one respondent said that the president represents the college, and the degree to which the president is part of community activities determines his ability to raise funds. This response highlights the fact that image is directly tied to a leader's fund raising capability. No other mention of image occurs among the rest of the respondents. Lack of comment on image could mean that the majority have no opinion about how specific qualities enhance the institutional image, that these other leaders have no opinion on the connection between leader and institutional image, or that the answer is so obvious that it requires no consideration. One purpose of this study was to elucidate the relationship among the leader, the institution and the community, so that the first response, made by a president, supports the validity of the purpose; it holds up, in part, the assertion that leadership requires that vision be tied to mission and continually brought before the community.

The last segment of this question asked *if the qualities selected are similar or dissimilar to those needed by leaders in business*. The one response on business states that the intent of business leaders appears to be more focused and concerned with profit than those of academic leaders in learning institutions. This respondent suggests that it would be advantageous for leaders to model their foundations on private nonprofit or business strategies.

Survey Question 1. B.: Leaders need certain business skills to be effective public administrators. Please identify one or two valued skills and explain how they help you achieve your goals.

Business skills and goal achievement.

This part of the question targets business skills as they relate to public administrators and their ability to be effective. When asked to identify one or two valued skills, answers indicated the need for the following skills or background: *budget and finance experience; management, planning, and organization skills; and communication, team building, and interpersonal abilities.* Leaders consider a budget and finance background as critical because of the complexity of institutions and the bearing of budgets on the ability of the college to carry out its mission. Another saw the ability of an institutional leader to hire and/or include personnel who also exhibit these skill sets as just as important. The ability to communicate includes team building, interacting with internal and external constituencies, and forging alliances and consensus among all stakeholders (individuals and groups). *Strategic planning,* as one proposed, includes the ability of leaders to conceptualize, organize, implement, oversee, and evaluate various goals, problems and resources. That a leader has certain business skills, including the ability to engage in strategic planning, is an element of the premise that a foundation's planning process and strategies are more suited to modeling on that of the private sector nonprofit or on private business.

The second part asked *how these valued skills help achieve goals.* For instance, how does the stated ability to communicate help achieve a generous response by those

attending a fund-raising event? However, rather than explain a process, answers concentrated instead on the outcomes of having such skills. For example, one respons noted that having a budget–finance background enables a leader to carry out the colleg mission, and another pointed out that having good communication skills leads to allian and collaborations essential to achieve goals.

The process of how one accomplishes all of this is unclear because the answer did not look to the process. As a case in point, a respondent may have suggested callin for an annual review and adjustments of goals, regularly attending meetings with stakeholders, selecting various committees to monitor and facilitate goal success, or a need for a timetable review. Or, one could have elaborated that the leader who understands that communication is a valued skill engages in a dialogue that inspires an motivates an audience that is based on the message and the makeup of those in attendance; and, as a result, a good communicator connects the audience to the cause through speech that targets commonalities between the two.

One answer to the introductory comment that leaders need certain business ski to be effective public administrators was that administrators should follow a business model for practice. As a matter of practice, most businesspeople are skilled in budget and finance as well as in managerial and organizational skills as a prerequisite to positions of leadership. This respondent's comment illustrated a level of understandin about the value of having certain business skills when directing a foundation.

Survey Question 1. C.: As an institutional leader, how do you include the facu as collaborators in philanthropic activities?

Faculty as collaborators.

The purpose of this question was to gauge faculty involvement in philanthropy, to note if administrators view faculty as part of leadership in the various phases of philanthropy, such as soliciting; and, if they do, to relate if faculty responsibility is internal to the institution, external to the community, or both. The study assumed that the faculty is part of the community college leadership pool and as such may have additional responsibilities in philanthropy.

Respondents stated that *faculty act as leaders in philanthropy* and their duties center on internal advisement and external involvement. One response commented that administration asks faculty to solicit other faculty to contribute to the various foundation campaigns in play. The respondent further recommended asking faculty to talk about their activities to prospective donors.

This response did not state specifically that faculty should solicit prospective donors, but rather that faculty should talk to or relay information about their activities to donors. Unclear in this answer is whether the administrative recommendation should have faculty talk with other faculty as prospective donors, or whether faculty should approach prospective donors outside of the academic environment and, if so, for what purpose. If soliciting is to ask for a gift, then soliciting as a faculty duty is not noted in the response. Based on the answers, administrators responding to this question instead viewed faculty as information vendors. Part of the solicitation process, as this answer goes on to say, includes asking faculty to write thank-you notes to donors where appropriate. Historically, administration includes *faculty in philanthropic activities by*

urging them to solicit other faculty; however, faculty solicitations outside academia does not appear to be common practice. Faculty, as part of institutional leadership, is in a position to understand students and can articulate their needs and the value of programs to the community.

Many of the responses took up the internal faculty–philanthropy connection. *Faculty attracts scholarship applications* when they visit high schools in the college service area, and, in appreciation for their efforts, administration asks faculty to hand out these awards annually. Administration communicates with faculty about fund raising in the following ways: advises faculty of all fund raising activities and successes, asks faculty to contribute to campaigns, provides faculty with reports, communiqués, and presentations at meetings.

Not asked, yet addressed in the responses, is the persuasion of administration including faculty in philanthropic activities. Although not specifically articulated, allowing faculty to participate in scholarship award ceremonies further bonds faculty to students and provides the faculty with a sense of accomplishment. Faculty members see the value of the foundation through institutional funding of faculty positions, professional development, equipment, buildings, and the like. The faculty observes clear personal and professional benefits through support provided by the foundation for needs not otherwise funded through traditional resources. Through participation in college strategic planning, the faculty has a role in helping to prioritize institutional needs. If the foundation adopts the business model as suggested, then the faculty will have a dual role as a consulting

committee to the governing board and foundation board in matters of institutional priorities and philanthropic activities.

Lastly, one response stated that the way to include faculty as collaborators in philanthropic activities is through *communication*, with no further explanation of what is meant by "communication." All that can be known by this answer is the respondent believes that leaders and faculty collaborate or partner through communication about philanthropy. The question seeks an answer that explains how to collaborate, or in this case communicate with faculty. If by communicating the respondent means talking just as the last respondent suggests, then soliciting or asking for donations is not part of faculty responsibility. However, if by communication the respondent means or includes the concept of solicitation, then faculty as a solicitor–communicator is in a collaborative role. This translates to faculty as a valued commodity in public education philanthropic activities because as part of community college leadership they are in a good position to convey the institution's message as it relates to mission.

Survey Question 1. D.: Based on your position, how do you interpret your administrative role when it comes to the process of institutional revenue raising?

Administrative role in revenue raising.

Because responses were role-specific, the answers appear by role or title within the institution. On one hand, those in the role of president responded that the president must be the lead person on campus, take the lead in fundraising at all levels, and be part of every major request for funds or, as one said, "be in on the ask" when it comes to fund raising. Evidently these *presidents see their role in fund raising as primary.* However,

even though one president agrees that his fund raising role is primary, the amount of time he reported spending on fundraising is 5%.

On the other hand, those in the *foundation management* position saw their role in fund raising differently. Responses varied from having an *indirect responsibility*, to that of being an *overseer* of foundation finances, to that of a *highly responsible* multi-tasked individual who is very visible in fund raising. Revenue responsibility for each of these roles was so dissimilar that reasonable analysis to this answer cannot be extrapolated to any general comment in support of the role. Recognizing that the perception and reality of the foundation director's role varies from institution to institution is essential. This variance could evoke misunderstandings about the level of responsibility assigned to a foundation director in goal achievement; and, it further illustrates that a comparison of foundations from institution to institution may not be valid.

Category Two: Mission/Vision Statements

A foundation's mission statement should complement the institution's mission. A leader's vision is bound to the mission statement and must be kept before the public.

Survey Question 2. A.: What is your role as a leader in communicating these missions and your vision to the public?

Leadership and communication.

Many of the responses concur that the role of the leader is that of *main communicator*, the *voice of the institution*, or the *chief spokesperson*. One participant specifically mentioned communicating as it relates to the entire service area, and one tied the skill of communicating to accessibility of the leader. Some mentioned various

appropriate occasions for communicating such as speaking engagements, campus events, presentations, newsletters, annual reports, and press releases. Others expanded the role of communicator to that of *listening and interpreting community responses and relaying the information to the right authority or committee*. Generally all levels of communication, from speaking to listening to interpreting the message, were seen as critical.

Survey Question 2. B.: How do you keep the message before the public and, are you comfortable with your communication efforts?

Message and communication

Rather than speaking to the process of communicating, most respondents spoke to the primary avenues for keeping a message before the public. Avenues mentioned were *presentations to community organizations, newspapers, annual reports, and periodic mailings of information*. The leader is the conduit, the means for keeping the message before the public, through his openness and availability.

The process, or how the leader keeps the message before the public, can be through articulating the message as often as possible, regularly going before the public, hand shaking at public events, documenting events and donations, writing press releases, distributing creative presentations such as brochures, and special events. One respondent indicated that the press release is a viable tool in the process of getting the message out. The respondent said that the unrelenting release of press coverage in all local news organs that document all events pertaining to scholarships and other fund raising activities is a very effective method of communicating. The reply went on to say that the

results this kind of effort received in the form of donations is evidence of support, especially when that support comes from a local newspaper.

When asked about the comfort level concerning communication, two stated they are comfortable with the foundation's communication efforts, and one added that there is always room for improvement in how the foundation communicates.

Category Three: Image/Perception

Perception has a role in how an institution creates its image and how the public makes that critical connection and commitment to institutional and foundation goals.

Survey Question 3. A.: How does your community regard your institution and in what ways do they support its goals?

Institutional image and community support

When asked how the community regards the participating institutions, most had favorable comments with one pronouncing that the community regards the college as *the "community's college."* Another cited a community feasibility study that preceded a particular campaign and noted a favorable community response in support of college actions. Yet another contended that *community regard is evident in college enrollment and community support of all college activities.* A different remark centered on the idea that *willingness of community business and industry to be partners* with the college and collaborate in its various undertakings is a way to measure community regard. The comment goes on to say that the community college is an integral player in local area economic development. The *college participation rate in local economic activity* is also a gauge of community regard, and is evident in the willingness of the community to

associate with the college to advance the economic health of the region. Local schools and service agencies are also partners with the college, another sign that the college is held in high esteem in the community. Some respondents remarked on the *active involvement of college staff in community organizations and activities* when they serve on important boards, consult with local agencies, and keep a high profile as "the face of the college." According to one, the faculty and staff must continue to make sure the college image stays positive. Another observed that the community sees the college as a catalyst for change, a favorable attestation of regard.

In dealing with the ways the community supports institutional goals, answers ranged from volunteerism, to financial support, to public praise. Community leaders who sit on college or foundation boards actively serve as advisors to other members, all of whom serve as ambassadors of the college to the larger community. Most of the replies related support in terms of dollars raised by the foundation, while others named specific accomplishments.

If the ways that the community financially supports the college are done through gift giving, then the results enumerated in answers are the results of this financial support and are evident in specific achievements such as buildings, endowments, substantial giving programs, fine arts center, economic development center, full-time faculty positions, and professional development opportunities.

Survey Question 3. B.: How do you continuously refresh your image with the public?

Image

Some referred to their responses stated in Research Question 2. B. above as applicable to this question. Comments concur that the college should *continually review programs and services, and update regularly*. However, the most decisive comment was that the college must keep *retelling its story*, a sign that the college leader has an understanding of the relationship between image building and the ongoing iteration of the mission message.

Category Four: Ethics

Recently the public has been questioning the ethical practices of a private reputable nonprofit organization like the Red Cross. Consequently, a viable public nonprofit foundation must prepare itself and its staff to respond to moral problems that may arise over philanthropy during the 21st century. [Public complaints over possible or real impropriety call for ethical preparedness in philanthropy, and the course of events that focus on the ethical practices surrounding September 11, 2001 is the catalyst for the demand. This questionnaire was distributed within 7 months of the disaster and at a time when the issue of ethical practices is still before the public.]

Survey Question 4. A.: Is there a foundation ethics code written down, or does your foundation rely on a particular national code?

Ethics code, institutional and national

All responded that their foundations have *no written ethics code*, and most said they do not rely on a national code. Those who simply answered "no" to having a written code did not explain their answer. Unfortunately, the structure of the question is such

that a respondent would not see a need to explain an answer, and this is a deficiency of the research tool.

The second part asked if each foundation relies on a particular national code. One institution follows the *Donor Bill of Rights* endorsed by the Council for Advancement and Support of Education (CASE) and other national charitable organizations. The same institution also noted that the foundation board members also sign a *Conflict of Interest* agreement and abstain from participating and voting on matters that might involve a potential conflict. The idea of having such a document is a recognition that ethical dilemmas could arise. CASE recommends that community colleges follow the guidelines recommended by either CASE or any other national education philanthropic organization (CASE Web Site). Among the guidelines recommended are the use of a *Donor Bill of Rights* and the *Conflict of Interest* statement to allay any perception of questionable activity.

Survey Question 4. B.: Relate your concerns about whether your foundation is prepared to handle the likely rise in ethical problems as more and more public/private collaborations take place, and as community colleges continue to become more diversified.

Ethical preparedness

The majority revealed *no concerns about whether their foundation is prepared* to handle the likely rise in ethical problems under the circumstances as stated above. Only one reaction listed minimal concern; however, this reply went on to say that as the college becomes more diversified, the foundation must consider adopting a code of

ethics. A very positive leader expressly stated that the institution and foundation can handle anything. A sincere willingness on the part of this leader to handle circumstances as they appear is a way to deal with ethical dilemmas. The intent of the survey question, however, was that comments center on the level of preparedness the foundation has if some unexpected ethical challenge presents itself. Willingness is one thing; preparedness is another.

A different take on the issue of ethical preparation was evident in two other responses. One said that the membership of the foundation board is selected for many reasons, one of which is his or her image in the community, and that through the moral standing of board membership the college deals with these issues. Another respondent claimed that every *effort is made to conduct operations in a manner that can withstand inquiry*. Finally, another leader relies on *national affiliations* to provide current information on issues as they emerge; therefore, according to this respondent, the boards of the college and foundation as well as its administrators are kept well informed about ethical and legal issues. Of all practices noted by the respondents, the practice of disseminating national information to local education foundations comes closest to addressing the CASE recommendations.

Category Five: Planning

Institutional planning, both long and short term, incorporates strategies similar to those of business. Foundations, as associates of institutions, also have planning strategies in place to maximize effectiveness.

Survey Question 5. A.: Explain your level of involvement in foundation planning, and how do you perceive the effectiveness of your strategies?

Foundation planning: Involvement and strategy effectiveness

In explaining the level of involvement in foundation planning, half of those responding remarked they were *"deeply involved"* or *"integrally involved."* One interpretation of the level of involvement was that a *leader sets the tone for good planning* as a measure of involvement. The remaining participants did not address their level of foundation involvement. This omission could mean that they see no need to respond to the question, that the level of involvement constantly shifts, or that they are unsure about the level of involvement on their part.

Reporting on how the participants perceived the effectiveness of institutional or foundation strategies was challenging because answers varied and were so diverse. For ease in presentation, samples of the responses are enumerated below and addressed comment by comment:

- "Strategies have been successful as evidenced by the results of our fund raising efforts." If this is so, then this leader equates success with results.
- "Planning strategies are uncomplicated; the foundation adheres to basic tenets of the Articles of Incorporation and By-Laws; and there have been few

amendments in the history of the foundation." The absence of specific foundation goals, over and above founding documents, and the reliance on institutional goals and planning speaks to a very basic planning process—or no planning—for the foundation. Without a plan that goes beyond the general goals of the institution, the foundation is in a position to react to the college plan, rather than plan or act on behalf of the college's needs.

- "Strategies have been very successful; proof lies in total funds raised, and the projects and programs implemented as a result of having these funds available." In this instance, this leader connects the idea of success with money raised and the results achieved. However, foundation success can center on what is the correct measure of success. Because similar community colleges have different wants and pursue projects particular to their own needs, a comparison among institutions over dollars raised is not an equitable comparison. Because of this, success can best be measured by whether or not a foundation has achieved its goals.
- "Foundation planning is included in institutional planning." This answer means that the foundation, without a plan of its own, acts in response to institutional priorities. Because two-year college budgets are tied to the state's biennial budget, institutional planning usually covers a 2 to 5 year period. Any change in the state's financial circumstances subjects the education budget to possible decreases. If the college gears its plans in response to the state budget, then the foundation once again is in the position

of reacting to institutional plans rather than being in a position to develop its own plan.

- "The president and development director personally participate in college and foundation planning; participates in budgeting, staffing, organization, and direction; and helps determine resource needs of institution and implements institutional plan to secure external resources for needs not satisfied by traditional sources of revenue." This person, according to the response, is part of the college planning and evaluation group charged with developing, implementing and evaluating short- and long-term strategic plans. This leader has multiple roles within the college, attested by the scope of involvement with all processes. This leader has a clear understanding of the scope of duties within the position. This is the only answer that even mentions long-term strategic planning.

Survey Question 5. B.: What would you do to improve the planning process?

The Planning Process

Most participants believe that *their process is working effectively.* The following statements provided insight into their thinking: *the foundation attempts to do a periodic review of their planning process and make improvements accordingly; the foundation aims for efficient and successful outcome of each project undertaken;* and, *the foundation is mindful of financial limitations and stresses that it must protect the endowment with which it is entrusted.* Based on these comments, respondents think that the process

functions effectively; this could translate into a leadership vote of confidence in foundation practices.

For another institution, a measure of the success of the process was recent high marks from the Southern Association of Colleges and Schools (SACS) for institutional planning and evaluation. SACS, an accreditation association, takes a comprehensive approach to accreditation. One evaluative criterion is that "Institutions have an obligation to all constituents to evaluate effectiveness and to use the results in a broad-based, continuous planning and evaluation process" (SACS, 1984, p. 14). Accolades by SACS means an institution is doing something right according to the accreditation association, and this respondent sees their findings as a positive comment on the foundation.

Constructive comments to improve the process take into account updating the plan more often, giving more attention to executing plans, and paying more attention to detail when planning. These remarks best address what a foundation can do to improve the planning process, which—from an institutional perspective—is good practice. As previously noted, respondents answered that foundation planning is institutionally controlled, so that the best a foundation director can hope for is personal inclusion in the institutional planning process. Based on answers, institutional planning was evident in one foundation. While the other respondents may participate in institutional planning, no answers supported that statement. While inclusion of the foundation director in the institutional planning process is not the optimum circumstance for effective long-term foundation development, it can be a way to have foundation goals discussed and

documented. The foundation plan, however, can be more constructive if developed by the foundation board and director based, of course, on institutional priorities.

Survey Question 5. C.: What is your institution's position on planned giving, and does the stance include a strategy to attract and hold on to major private donors?

Planned giving and related strategies

The three participating institutions were in various stages of confronting the issue of planned giving. One institutional leader acknowledged the need to develop a strong planned giving program, adding that the process takes a long time, and that efforts at present have had minimal results. Another one is working on planned giving and is about to launch its first planned giving seminar. This institutional leader clarified that the purpose of the seminar was for leaders to disperse information, and not as a solicitation forum. The third institutional leader said its foundation has a very active and successful planned giving program that, as a result of good practice, has achieved national recognition.

The institution with the planned giving program in place and operational shares its strategy for attracting and retaining major private donors. Its leaders recommend the following:

- publicize the program widely;
- hold planned giving seminars in conjunction with banks, retirement communities and financial planning firms;
- highlight planned giving opportunities in newsletters and annual reports;
- educate board members about planned giving; and

- honor major donors at annual recognition events.

These strategies could serve as a model for other colleges that recognize the need to do something, or who are just beginning to be active in the process of planned giving and strategizing. The other foundations may also be employing specific strategies for planned giving, but if they are they did not share any documented strategies.

Category Six: Comments

Survey Question 1: Any further comments are welcomed. (optional)

The purpose of providing the opportunity for additional comment was to elicit remarks associated with personnel and the operation of a foundation that may not have been asked within the survey. Often this type of open-ended request can draw out complaints as well as constructive comment. In this questionnaire it was an opportunity to elaborate on foundation achievements, the results of which are evident in all of the supporting documents provided by each institution, and appear within the commentary in this research.

Three participants had no further comment. "No comment" can mean that the leaders believe they had ample opportunity within the questionnaire to state their stance on various issues related to their roles and to the operation of their foundation. "No comment" can also be indicative of a comfort level of the respondent with how the foundation operates and with the individual roles within the foundation. However, it can also mean that respondents believe that the operation of the foundation is so tied with another area of operation within the college, such as institutional advancement, that to

think of it separately is not a consideration and does not warrant further comment. None of these responses furthered the dialogue on foundations.

One respondent did not understand the meaning of "transformational philanthropy." This highlights the need to have a clear set of defined terms that relate to philanthropy and apply to nonprofit organizations, and indicated a shortcoming of this survey instrument in not providing the definition commonly understood within private nonprofit organizations.

Survey Summary

The purpose of the questionnaire was to elicit information within the education field that would complement practical knowledge with perception. Case studies illuminated existing service area economic circumstances balanced against the practical academic reply expressed through available educational programs. Survey responses on issues regarding leadership qualities and skills, mission and vision, image, ethics, and planning convey what people thought or believed to be the case. The survey responses addressed the research questions that looked into (a) the role titles and responsibilities and institutional expectation of leaders compared with the leadership perception and actual practice within the foundation, and (b) how the institution prepares its administrators to act professionally and responsibly when faced with problems or conflicts arising as a result of activity associated with fund raising or fund management. Results were informative on some issues, predictable on others, and unexpected on others. A composite of these responses is generalized as follows:

- Leadership qualities: A leader should have vision and passion, as well as demonstrate integrity and ethical behavior. These leadership qualities are invaluable during the hiring, planning, and fund raising process. Findings show that leaders exhibit these qualities in their internal and external relationships.
- Image: A leader engages in institutional image building when occupied in fund raising in the community. Part of that image building process requires that the public administrator continuously tie vision to mission when he or she takes his or her message to the community.
- Leadership skills: Certain qualities of a business leader can be just as effective when employed in academia, especially as certain qualities or skills relate to profit making. If college administrators would consider business practices, the result could be a foundation that is competitive with successful private nonprofits that engage in general business strategies. Valuable business skills for academic public administration mentioned were: budget and finance experience, management and organizational skills, planning talent, communication, team building and interpersonal abilities. These skills are compatible with the business model, and could be useful as a prerequisite to leadership in academia.
- Faculty role: Although faculty has a role in philanthropy, that perceived role is restricted to soliciting the other staff, personally donating to capital campaigns, and acting as information vendors to the public. Leaders perceive

faculty as integral collaborators to the process of philanthropy both internally and externally; however, the perceived external role is not compatible with the recommended role for faculty as active solicitors with the community at large. Administrators feel their faculty see their role as connected to funding of faculty positions or to raising money for scholarships, but not necessarily to any collaborative role with administration in philanthropic solicitation. Based on administrative responses, faculty remains an untapped or not-fully-tapped source of leadership in the external solicitation process.

- Institutional roles and philanthropy: All agreed that the institutional leader's primary role is in fund raising; however, this does not mesh with what one president reported as the amount of time actually spent fund raising. The disparity between fund raising for the president as a priority, and the small amount of time spent on fund raising by one respondent deserves attention.

As noted through the responses, the role of the person acting in the capacity of foundation director varies from institution to institution. The perception of a development director's role in fund raising varies from that of having an indirect responsibility for fund raising, to being an overseer of foundation finances, to acting as a multi-tasked individual who is visible in fund raising. Neither the title of foundation director nor the perception of the role of foundation director is similar, so comparing a foundation director's performance to his role responsibilities is not useful at this time until there is agreement on these matters.

- Mission/Vision Statements: Leadership is responsible for communicating the mission/vision through speaking, listening, and interpreting the message to community audiences. The open and available leader is seen as the means of keeping the message before the public. Most respondents viewed the foundation's communication efforts as effective, with only one person mentioning the need for improvement.
- Image perception by the community: The perception by college and foundation leadership was that each community has a good image of the college as measured by the level of community volunteerism, financial support and public praise. Some said the community supports the foundation in terms of dollars, and some said through specific accomplishments. Either way, these leaders agree that institutional image is important in the community, and believe that their institution's image is a healthy one. The connection between image building and communicating the mission is important.
- Ethics: None of the institutions has a written code of ethics as do private nonprofit organizations, and only one of the three uses a *Donor Bill of Rights* as recommended by CASE. These leaders are comfortable knowing that the foundation and personnel are prepared to handle ethical issues as they arise. Some participants commented that solid moral values is a preferred characteristic of a new employee at the time of hire, and others noted that existing personnel always try to conduct themselves ethically. Only one

foundation relies on recommendations of a national organization as a way to stay abreast of ethical and legal issues. The leadership appeared not to be overly concerned with the present way of doing foundation business at a time when national philanthropic organizations insist that ethics, standards and guidelines are an imperative in today's skeptical climate over management of funds. Responses revealed an ethical practice disconnect that centers on what is done and what is recommended within the profession.

- Planning: A plan is associated with the institutional strategic plan. However, the question was about how the act of planning fits into the foundation scheme. Most insisted they are involved, but their responses provided no way of knowing the extent. Nothing definitive about the role of the individuals, and foundation planning was discovered through comment. Regarding perception of institutional effectiveness and foundation strategies, some see planning strategies as uncomplicated as long as the foundation stays true to its articles of incorporation; however, articles of incorporation state goals or intent, and are not a plan. The question sought information about a foundation plan. One respondent acknowledged that a foundation should probably have a separate plan. As it turned out, all of these foundations' plans are rooted within the institutional plan, which at least provides for some level of planning for the foundation. Answers about foundation strategies differed. Respondents considered various fund raising strategies and based success in one instance on money raised, and in another on achievements with no

mention of other strategies. Most said their planning process was working fine. The process described fixed on goal setting related to institutional priorities. Missing for each foundation was a documented plan compiled by the foundation board as well as an agreed-upon process that deals with both short- and long-term issues.

General comments: Most had no additional comment. One participant needed a working definition of the term "transformational philanthropy" used in one question. Another took the time to go into detail about foundation success, naming awards and pointing out dollars raised and accomplishments.

Summary of Findings

All respondents agreed that institutional leaders should have vision and passion, articulate the mission statement continuously, work to boost image, seek cooperation among all levels of leadership within the academic community, and serve as spokesperson in the community. Disagreement persisted over the amount of time a leader should spend as the chief solicitor for the institution and over the role of faculty as solicitors. Evident was a blurred role for the foundation director, who has no clearly understood title or list of responsibilities that cross all institutions within the VCCS. Although the demand for ethical behavior is a national philanthropic issue, survey responses indicated that upstanding ethical practice is not at the forefront of thought among these participants. Finally, the perception that foundation planning takes place cannot be balanced against an actual plan when no separate foundation plan exists that is different from a goals statement.

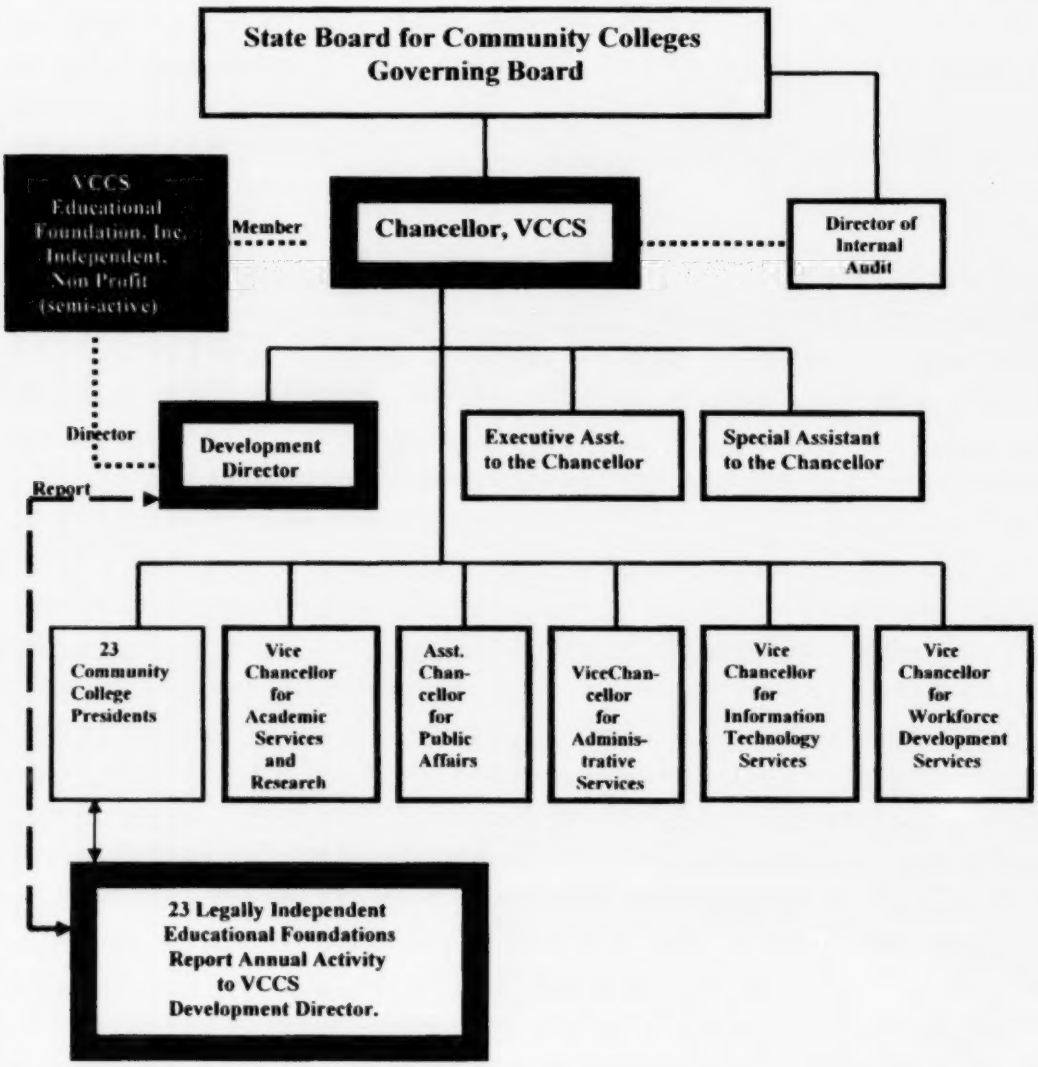
The case studies show that the institutions are in step with their respective communities; however, survey responses reveal some areas of disparity in perception, a lack of clarity in definition among some, and challenges for all. The perception about leadership roles, qualities, and image match leadership recommendations like those of the League for Innovation, but perception about foundation roles, ethical practice, and planning are not in step with national recommendations for independent nonprofit foundations. Uncovered is the need for a clear definition of the role of the foundation director and of specific professional fund raising terminology. Overall, however, all respondents believe they have successful active education foundations affiliated with their institutions.

Chapter 7. Conclusions, Implications and Recommendations

Conclusions Based on Findings

The following conclusions address the findings in the previous chapter.

Reactivate the Virginia Community College System Education Foundation: The Virginia Community College System (VCCS) should reactive its foundation. Doing so assures that the system has a fund raising affiliate to support the System's mission. The reactivated foundation should avoid the appearance of conflict of interest or competition with its affiliated community colleges. The VCCS's foundation could serve as a centralized information vendor and as a repository of funds for system improvements that connect to its mission; it should serve as an advisory body for the other foundations; and it can provide a pool of trained employees for any foundation. The foundation must have its own board made up of representatives from member colleges to ensure transparency and accountability among all affiliated foundations within the system. A revised VCCS organization chart follows (Figure 6) that shows placement of the foundation and the development director position, both of which are missing on the current organizational chart (Figure 4). Both the foundation and the development director position should be included on future VCCS charts because inclusion reinforces the fact that the foundation is viable and connected to the system, and, as well, to its members.


State Board for Community Colleges
Governing Board
VCCS Educational Foundation, Inc. Independent, Non Profit (semi-active)
Member
Chancellor, VCCS
Director of Internal Audit
Director
Development Director
Report
Executive Asst. to the Chancellor
Special Assistant to the Chancellor
23 Community College Presidents
Vice Chancellor for Academic Services and Research
Asst. Chancellor for Public Affairs
ViceChancellor for Administrative Services
Vice Chancellor for Information Technology Services
Vice Chancellor for Workforce Development Services
23 Legally Independent Educational Foundations Report Annual Activity to VCCS Development Director.

Notes: Basis of chart excerpted from VCCS Policy Manual, Organization Chart (11/1/02), www.vccs.edu.
Development Director position is new, June 2002 (Human Resources, personal communication 11/1/02).
VCCS Foundation inactive (11/02), may be reconsidered (G. DuBois, personal communication 11/1/02).
Updated organizational chart not available (Human Resources, personal communication, 11/1/02).
Chart relationship among Foundation, President, and Development Director based possible activation of VCCS foundation; chart positioning not officially sanctioned by VCCS.

Figure 6
Virginia Community College System Organization Chart with Foundation
Based on System Office Excerpt; further developed by J. LaBeouf, 2003

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Join professional organizations: Foundations and their directors should subscribe to membership in national philanthropic organizations to enhance integrity, and assure standardization of forms and guidelines for the foundation that operates within an educational system. Proper stewardship of funds requires the utmost integrity in practice.

Professional development: Foundations should provide professional training related to nonprofit issues and practice, especially as training relates to fund management. This can be done through membership in national organizations, by the VCCS Education Foundation, or foundation support of personnel for outside professional growth opportunities.

Strategic Planning: Foundations must consider developing their own strategic plan based on institutional priorities for the short term as well as projected needs for the future. Goals are not plans and that should be clear. Warwick's (2000) GIVES strategies for nonprofits discussed in the literature review can be a starting point to understanding what it means to plan.

President as chief solicitor: Presidents must embrace their role as chief solicitor for the institution, understand that certain business skills and qualities can serve the role, and be aware of the large amount of time that must be invested in fund raising.

Fund raising terminology: A common set of definitions must be incorporated into the education foundation's existing lexicon. Definitions must derive from the professional fund raising field. All education foundations need to adapt similar fund raising terminology to facilitate a common understanding.

Business skills and strategies: A synthesis of academic and business strategies can result in a process for education foundations that can lead to efficiency in operation. Search committees should seek out and hire a president with business skills as well as academic skills.

Business theory: Community colleges' administrators should apply the "richness versus reach" theory in economics to foundation business (Evans & Wurster, 2000). This theory has validity when applied to education foundations in an Information Age. On one hand "academic richness" assures that attention is paid to the traditional target audience of parents and alumni, and education is the product. On the other hand, "academic reach" suggests transforming how and with whom a foundation does business that takes into account venture philanthropy as a fund source and the Internet as a soliciting tool.

Measures for success: Success for foundations must be defined, and criteria for success articulated, so that VCCS education foundations can operate efficiently and in step with one another.

Educational foundations as recipients of philanthropy: Education foundations must broaden their soliciting to include community corporations. In addition, an education foundation should be a selection in a united campaign effort as the recipient of donations from individuals.

Multi-Source Model: A multi-source model for community college foundations is the solution for how foundations operate (Hedgepeth, 1999). Stewardship, relationship and partnering, leadership, organization change, fund raising, and planning are

components of this model. A flexible multi-source model takes into account continual change over time as well as prototypes already in use in business and in public administration's nonprofit field. The multi-source model could contain the following components:

- Mapping Model – Foundation stewardship: This archetype uses a dotted-line mapping or point-to-point pathfinding technique (Davis, 2001; Covey, 1998) to determine the status of a foundation, and to make sure that institutional vision connects with community needs. It uses mapmaking to know where begin a task and to determine the destination. Those involved in foundation activities identify the foundation's position at onset, understand available resources, and then map out goals. It is useful when making changes in a foundation, or starting a new foundation.
- Triangulation Model – Partners and concerns: Grace and Wendroff (2001) depict those involved in transformational giving as a model reflecting collaboration among nonprofits, community and donor-investors as essential and inter-related (p. 12). This model justifies how an organization can transform itself and addresses those parties involved in transactions. Venture philanthropists as collaborators, plus institutional leaders with a transforming vision can break new ground. It also demonstrates how an institution can continuously uncover existing partners, potential partners, and essential partners through collaboration and accommodation of concerns.

- Congruence Model – Leadership and managing change: The congruence model promoted by the League for Innovation considers formal organization, people, and college culture (Milliron & Leach, 1997). This model can serve as a guide for leaders at a time when community college development is in a new era and managing change is critical. It is useful for understanding the importance of aligning strategies, objectives and vision (p. 15).
- Infinity Model – Organizational change: The infinity model, which is a continuous figure-eight loop by design, applies to relationships and to opportunities for nontraditional revenue sources (Grace & Wendroff, 2001, p 16). This prototype can work within a multi-source model because it takes into account the ongoing relationship of the roles of the people involved in decision making by connecting organizational issues with donor-investor desires. In addition it can take into account the effects of the current state of the institution on the choices made for fund raising, and consideration of the effects of timing in decisions on a project (Jenkins & Glass, 1999, p. 595).
- High impact philanthropy Model - Fund raising strategies: This model is useful when considering whether or not to engage in traditional fund raising strategies such as capital campaigns or in transformational fund raising strategies such as doing business with the venture capitalist (Grace & Wendroff, 2001). This model explicates the kind of fund raising strategies needed to accomplish either short- and long-term goals. The category of fund raising associated with education is really more like a community-based

model rather than the traditional educational fund raising model to which it adheres (Jackson & Glass, 2000). The community-based model has the development officer elevated to senior level officer position within the institution. It calls for integrating the areas of presidential leadership, entrepreneurial activities, and leadership of the chief development officer to achieve results that can change the organization over the long run (Glass & Jackson, "A new role for community college presidents," 1998).

- Planning Model – Accommodation to change. A planning process merges issues and trends, flexibility and dynamics, and focuses on internal and external realities (Glass & Jackson, "A new role for community college presidents," 1998). This model is built on an open-ended chaos theory that considers change, and claims that a system in chaos can have many possibilities as outcomes.

These six examples allow for proven strategies in stewardship, relationships, leadership, organization, fund raising, and planning within a multi-source open concept, and represent a start to understanding the workings of a nonprofit community college foundation. A visual of the relationship (Figure 7) reflects the relationships of the various prototypes within the model. The model components are subject to change over time based on operational needs

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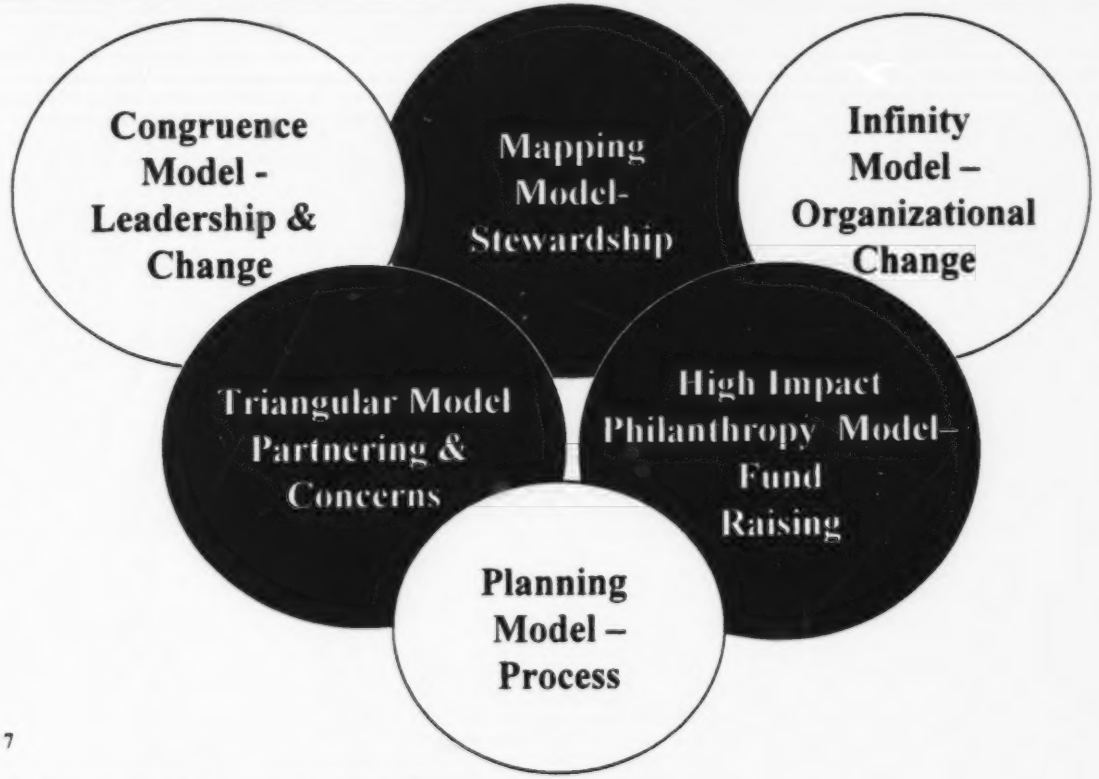
Congruence Model - Leadership & Change
Mapping Model- Stewardship
Infinity Model – Organizational Change
Triangular Model Partnering & Concerns
High Impact Philanthropy Model– Fund Raising
Planning Model – Process

Figure 7

Flexible Multi-Source Model for Community College Foundations
Developed by J. LaBeouf, 2003

Technology: Community college foundations must get more technologically competitive. A foundation should have its own web site, or at least a foundation option should appear on the college's web site home page. Foundation Internet sites must make available all pertinent foundation information and contain an ability to donate online.

Process: Foundation activity and community building. This study has tried to explain various processes that would facilitate foundation success. It concludes that a standard process is essential in order for a board to achieve results (see Figure 8).

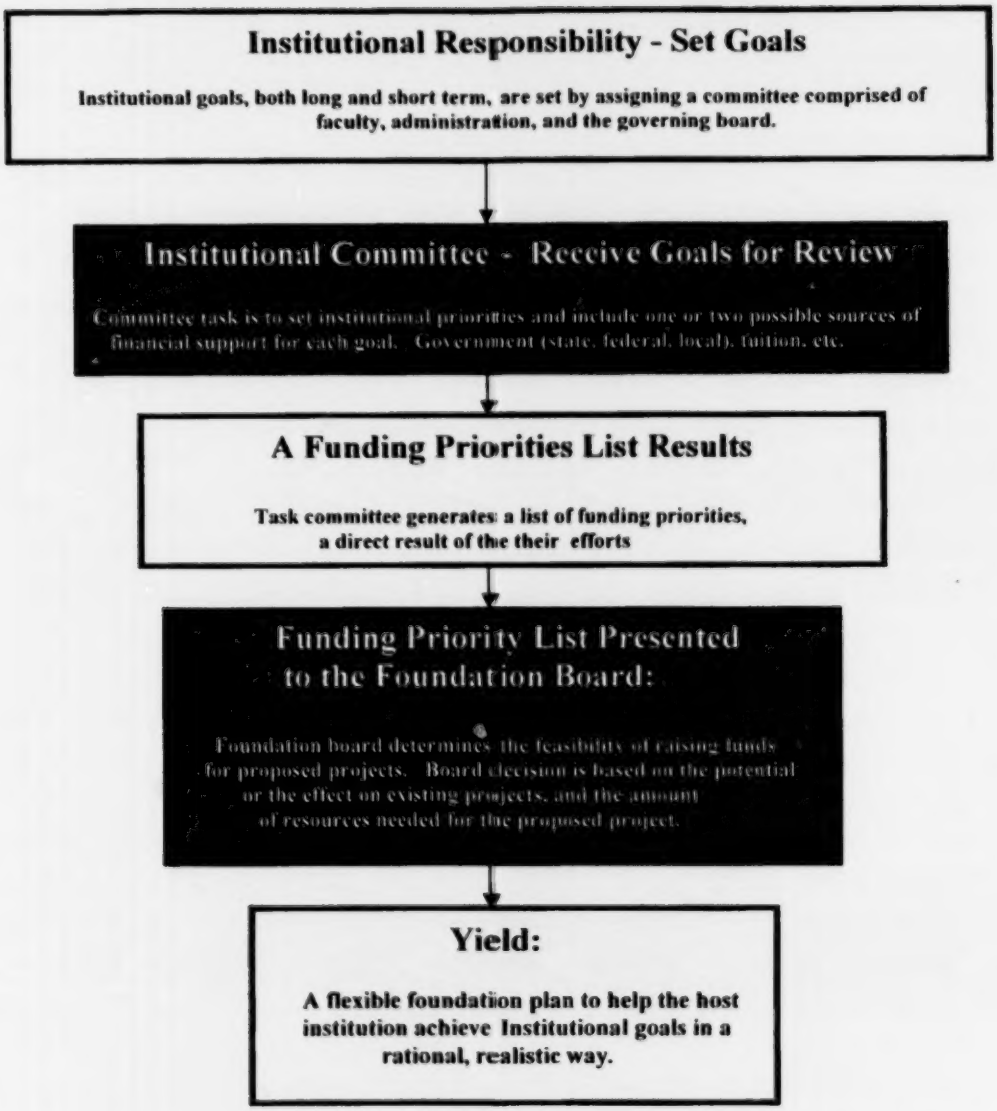
Institutional Responsibility - Set Goals
Institutional goals, both long and short term, are set by assigning a committee comprised of faculty, administration, and the governing board.
Institutional Committee - Receive Goals for Review
Committee task is to set institutional priorities and include one or two possible sources of financial support for each goal. Government (state, federal, local), tuition, etc.
A Funding Priorities List Results
Task committee generates a list of funding priorities, a direct result of the their efforts
Funding Priority List Presented to the Foundation Board:
Foundation board determines the feasibility of raising funds for proposed projects. Board decision is based on the potential or the effect on existing projects, and the amount of resources needed for the proposed project.
Yield:
A flexible foundation plan to help the host institution achieve Institutional goals in a rational, realistic way.

Figure 8
Process for determining Foundation Activities, Recommended

Outline developed by J. LaBeouf (2003) and based on information presented in The Role of the Foundation Board by Curtis Simic, Association of Governing Boards, Washington, D.C., 1998.

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This process works through the institutional strategic planning route to arrive at a foundation plan, and is worth considering.

Community building: This study reveals a need for a revision of the process of community building. As with the foundation activities process, the components in the Community Building Process chart (Figure 9) takes into account the research question of how to go about transformation by first understanding those who have a stake in the process. The new information is the inclusion of corporate foundations as source of funds for community college foundations.

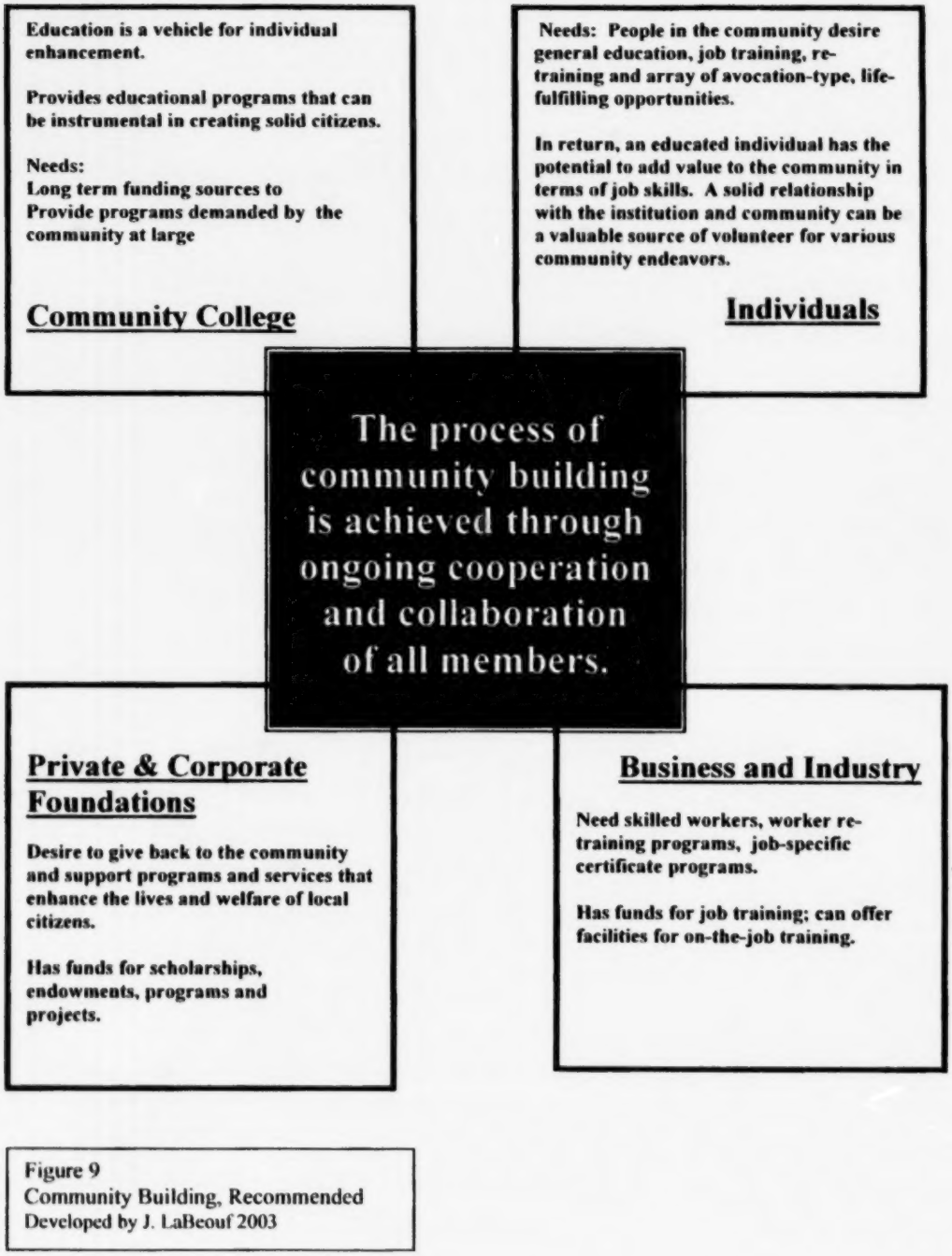
Education is a vehicle for individual enhancement.
Provides educational programs that can be instrumental in creating solid citizens.
Needs:
Long term funding sources to
Provide programs demanded by the community at large
Community College
Needs: People in the community desire general education, job training, re-training and array of avocation-type, life-fulfilling opportunities.
In return, an educated individual has the potential to add value to the community in terms of job skills. A solid relationship with the institution and community can be a valuable source of volunteer for various community endeavors.
Individuals
The process of community building is achieved through ongoing cooperation and collaboration of all members.
Private & Corporate Foundations
Desire to give back to the community and support programs and services that enhance the lives and welfare of local citizens.
Has funds for scholarships, endowments, programs and projects.
Business and Industry
Need skilled workers, worker re-training programs, job-specific certificate programs.
Has funds for job training; can offer facilities for on-the-job training.

Figure 9
Community Building, Recommended
Developed by J. LaBeouf 2003

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Implications

Suggestions for policy, practice or future study include the following:

.. *Sanctioning a faculty advisory committee to the foundation board*: Administrators should revisit the idea of having a faculty advisory committee to the foundation board. Faculty committee members would be aware of institutional priorities predicated on their participation on various institutional committees; selected faculty representatives to the foundation could provide valuable insight to a foundation board in the planning process. Figure 10 shows the following: the proposed role for faculty that calls for expanded leadership role(s) in foundation activity; the expanded revenue options that are already available but not fully utilized, such as community foundations as a source of funds; and a protracted role for corporate foundations. A study of faculty soliciting responsibilities across various institutions could reveal a trend that reflects either a desire on the part of faculty to be excluded from the foundation activities, or one that that calls for further faculty immersion in the fund raising process.

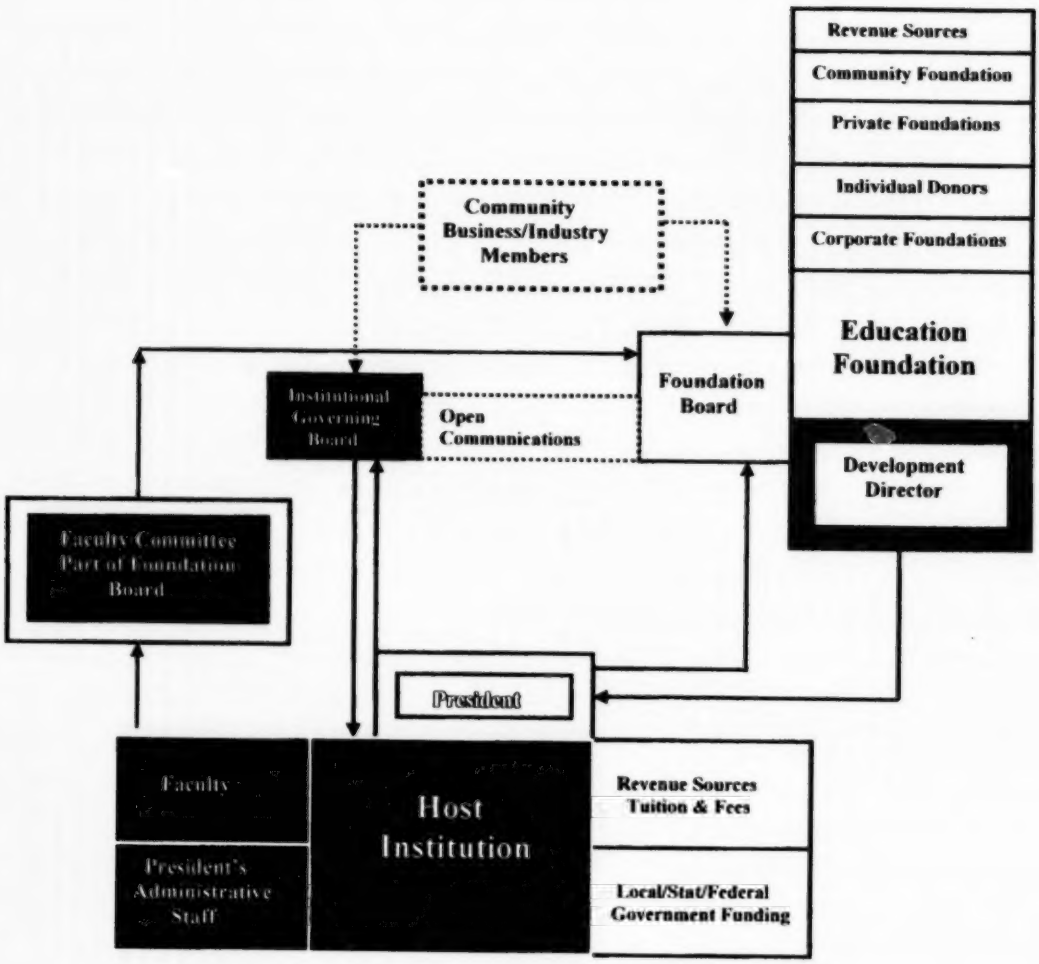

Figure 10
Revenue and Personal Relationships, Recommended
Developed by J. LaBeouf, 2003

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Development Director: Another personnel change must include a senior level position for the development director. Recently the VCCS shifted the development position from that of answering to the Vice Chancellor of Academic Services and Research to answering to the Chancellor as an assistant. This same change could occur on the community college level as well.

Agreement in terms: The foundation director position must have the same title across all community college foundations. Once administration at the system level agrees on whether the foundation engages in development or in institutional advancement and assigns that title to its foundation director, all of the community colleges must adapt that term for purposes of consistency in reference, an action that will not affect their independent foundation status.

Independent operating budget for foundation: Each foundation should begin to work towards having its own flexible operating budget and move away from the volatility of the state-appropriated institutional budget that is adjusted every 2 to 5 years.

Professionalism: A foundation must work to change how it does business and consider the image it projects. Professionalism, specifically tied to membership in national organization and adherence to their standards and guidelines, is essential if education wants to operate and be competitive in the nonprofit world. Figure 11 includes the relationship of the professional organization to the foundation.

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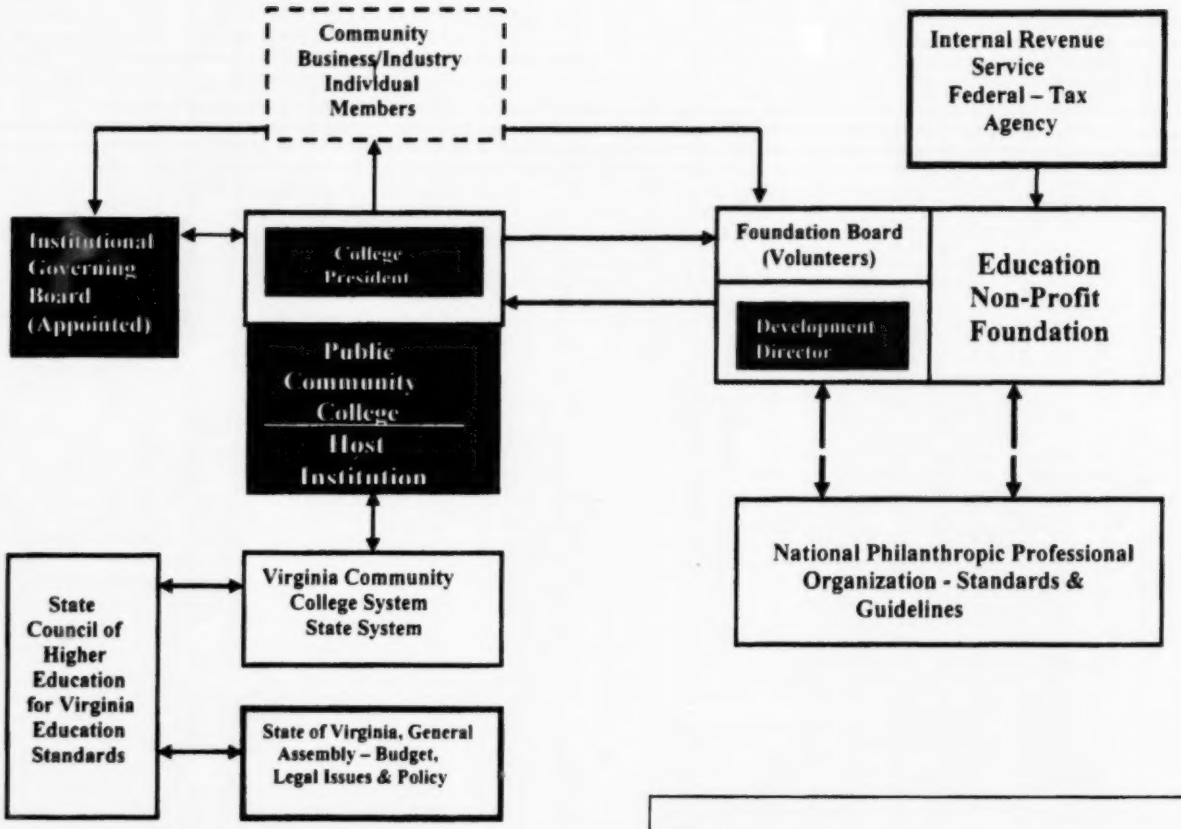

Figure 11
Governance and Standards, Community Colleges, Recommended
Developed by J. LaBeouf, 2003

Notes:

- President should solicit the community at large for support.
- Development Director for Institutional Advancement should be a member of a national philanthropic organization as a matter of professionalism and as a source of standards and guidelines in the philanthropic arena.
- Foundation should voluntarily report its activities to a national organization (accountability).

Survey participation: More community colleges foundations must respond to surveys so that research data can be of help to foundation administrators. Institutions that conduct surveys should focus on how foundations operate and not on the issue of success or failure.

Success for a foundation: A common set of criteria should be developed by the system and used system-wide. The criteria should include setting foundation goals independent from but consistent with institutional goals. Administrators can gauge a foundation's success if it achieves its stated goals.

Recommendations

Findings insinuate the following:

Professional practice: The existing state–institution–foundation relationship is not an optimum relationship for foundation success because foundation operation is dependent on state appropriation at any given time. Unless the foundation attaches itself to a professional organization, hires an independent contract professional fundraiser, and has its own operating budget, conflict in foundation practice can arise. Institutions must give their foundations a professional look on the Internet or run the risk of not being competitive with those private nonprofit organizations that know how to maximize their marketing efforts online.

Scholarly understanding: Findings imply that there should be communication across disciplines because doing so moves forward combined ideas and explanations. The tendency in academia has been to rely on expertise within the discipline. Scholars

talk to each other within a discipline but often do not venture beyond their area. This study shows that collaborative results can be enlightening if scholars, in this case in education, in business and in public administration, talk to each other and share strategies and findings.

Theory building: This study combined theories in the community college education field with those in the public administration's nonprofit segment in such a way that suggests that theories in one area can apply to problems or issues in other areas. Relating Evans and Wurster's (2000) economic theory of "richness versus reach" to community college education intimates that there may be other business theories in play that can also be brought into the education field for discussion.

Questions to consider when doing further research are tied to implications presented in this study. On a general note, students pursuing the Doctor of Arts in Community College Education are positioned to respond to, and should explore problems in post-secondary education because they have the distinct advantage of access to theories and experts from various knowledge areas, and are capable of bringing other discipline findings and theories into the discussion. Specifically, researchers in the field of community college education can pursue answers to the following questions:

- How can an established education foundation with legal independence but with direct ties to a state institution achieve autonomous status regarding personnel, operating budget, and planning—while preserving the necessary connection between the institution and the foundation?

- If a foundation is unable to achieve autonomy, how can a development director resolve potential conflicts that may arise over the dual role of foundation director and institutional development director?

Summary

The various recommendations offered indicate that there is still much work to be done to make community college foundations competitive with other public and nonprofit foundations, and solutions to funding problems could be available in other fields. Administrators who embrace the concept of professional management and continue to develop innovative resource strategies will be better positioned to advance the mission of the institution. Further comparative studies within the VCCS and within other community college systems nationwide would be valuable in developing criteria for what makes a foundation work. Comparing system foundations to system foundations nationwide would be useful in determining whether centralizing some of the fund raising strategies is useful, or in deciding that a system foundation is redundant, too competitive, or serves no purpose.

The implications presented are few but intimidating. It will take time for foundations to achieve any measure of change, and the prospect of breaking away from state reliance will be daunting to some. Obstacles aside, active foundations using transformational philanthropy plans and taking advantage of advanced technology strategies can be competitive for tomorrow.

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Appendix A

Community College Foundations Questionnaire

Name of Institution: _____ Title of Respondent: _____

Name of Foundation: _____ Year Founded: _____

Please answer the following questions in as detailed a manner possible. You may attach your responses to this page. Please be sure to number your answers. Thank you in advance for participating in this study.

1. Category: Administrative Leadership. The public wants an administrative leader with certain qualities that ensure the public trust and allow the administrator to function efficiently in a public institution.

A. Please discuss one or two **leadership qualities**, and relate how they translate into good administrative practices and enhance the institution's image. Do you see these qualities you selected as similar or dissimilar to those needed by leaders in business?

B. Leaders need certain business skills to be effective public administrators. Please identify one or two **valued skills** and explain how they help you achieve your goals.

C. As an institutional leader, how do you include the **faculty as collaborators** in philanthropic activities?

D. Based on your position, how do you interpret your administrative role when it comes to the process of institutional revenue-raising?

2. Category: Mission/Vision Statements. A foundation's mission statement should complement the institution's mission statement. A leader's vision is bound to the mission statement and must be kept before the public.

A. What is your role as a leader in communicating these missions and your vision to the public?

B. How do you keep the message before the public and, are you comfortable with your communication efforts?

3. Category: Image Perception. Perception has a role in how an institution creates its image and how the public makes that critical connection and commitment to institutional and foundation goals.

A. How does your community regard your institution and in what ways do they support its goals?

B. How do you continuously refresh your image with the public?

4. Category: Ethics. Lately the public has called into question the ethical practices of a private reputable nonprofit like the Red Cross. Consequently, a viable public nonprofit foundation must prepare itself and its staff to respond to ethical problems that may arise in during the 21st century.

A. Is there a foundation ethics code written down, or does your foundation rely on a particular national code?

B. Relate your concerns about whether your foundation is prepared to handle the likely rise in ethical problems as more and more public/private collaborations take place, and as community colleges continue to become more diversified?

5. Category: Planning. Institutional planning, both long and short term, incorporate strategies similar to those of business. Foundations, as associates of institutions, also have planning strategies in place to maximize effectiveness.

A. Explain your level of involvement in foundation planning, and how do you perceive the effectiveness of your strategies?

B. What would you do to improve the process?

C. What is your institutions position on planned giving, and does the stance include a strategy to attract and hold on to major private donors?

6. Any further comments are welcomed. (Optional)

_____

_____

_____

_____

_____

_____

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_____

Thank you very much for participating. You will receive a copy of the final product when it is complete.

Please return your completed questionnaire and your signed informed consent by April 15, 2002 to: (Researcher's name, address, phone number and email address)

Appendix B

Sample Letter sent to college participant presidents

(Dated: May 3, 2002)

(Participant's Address)

RE: Dissertation
Community college foundations: Professional management, innovative resource development strategies, ethics, and institutional advancement

Dear _____: (name of college president)

I am writing to remind you of your agreement to participate in my study on community college foundations. I have been advanced to candidacy and have approval from George Mason University's Office of Sponsored Programs to proceed.

Enclosed please find a letter of consent form and a questionnaire. Please read, sign and return the form when you return the questionnaire. I would appreciate it if you would please return your answers and the signed and witnessed consent form by June 10, 2002.

I want to thank you in advance for your participation in this study.

Sincerely,

(Researcher's name)

Enclosures: Letter of Consent
Questionnaire

Appendix C
Informed Consent Form

Community college foundations: Professional management, innovative resource development strategies, ethics, and institutional advancement.

Informed Consent

The above study is being conducted to gather data to use in a dissertation research project. As one part of the study, three Virginia Community College System (VCCS) colleges will participate: Dabney Lancaster, Patrick Henry, and South West Virginia. The purpose of the research is to

- investigate two-year public education foundations, with special attention to valued leadership characteristics and strategies, and the ethical issues in connection with doing business in a public nonprofit foundation;
- provide three community colleges in VCCS as case studies, address core attributes of foundation success, and identify desirable leadership qualities and strategies that work;
- synthesize and relate observations,
- develop a model for public community college foundations that includes alternative approaches to offset revenue shortfalls; and,
- add to subject literature in the field.

Your participation is voluntary, and you may choose not to participate if you wish. The personal benefits for participating include:

- As leaders and representatives of your particular institutions and foundations you will have a voice in identifying what strategies and tactics work best for your foundations, what challenges you face, what leadership qualities you believe are needed to have a successful foundation, and also note some potential ethical situations that you face.
- Your reasoned input to the questions will provide insight to issues that may be overlooked without your participation.
- You will provide invaluable input from your foundation for your respective institution in the VCC system.

If you agree to participate, results from our questionnaire will be included in the chapter regarding leadership. Any participant will be referred to by job title only in the final research results. Be advised that there are no foreseeable risks or discomforts for you associated with this study, nor are there any costs to you or any other party.

Joanne P. LaBeouf, a doctoral student in the Community College Education Program at George Mason University will conduct the study. She may be reached at (703) 321-3838 or labeouf@erols.com for questions or complaints. Her advisor is Dr. Gail Kettlewell, Director George Mason University's DACCE program, and she can be reached at (703) 993-2310 or gkettlew@gmu.edu. You may also contact the George Mason University Office of Sponsored Programs (703) 993-2295 if you have any questions or comments regarding your rights as a participant. This project has been reviewed according to George Mason University procedures governing your participation in this research.

I have read this form and agree to participate in this study.

Signature:_____Date:_____
(print and sign)

Witness: _____ Date: _____

CURRICULUM VITAE

Joanne P. LaBeouf was born in Geneva, New York, is an American citizen, and graduated from DeSales High School, Geneva, New York. She received an Associate's Degree from Leeward Community College, Pearl City, Hawaii in 1982; a Bachelor of Arts in History from California State University, Hayward, California in 1987; a Master of Arts in History from Bridgewater State College, Bridgewater, Massachusetts in 1991; and attended Lehigh University in the Ph.D. Program in History. She has worked as a college instructor since 1994 and has taught at Bucks County Community College and St. Joseph's College in Pennsylvania; Central Texas College and Paul D. Camp Community College and Northern Virginia Community College in Virginia. Presently she is an instructor in history at Northern Virginia Community College, Annandale Campus, and at George Mason University. In addition, she is serving a third term as president of the Association of Community College Educators at George Mason University.

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Signature: Joanne P. LaBeouf

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